

15 Feb 2024

# **IDEM – Adjustment of Positions Equity Derivatives Section**

To the attention of:	<b>Members of Derivatives Sections</b>
Priority:	<b>Medium</b>
Topic:	<b>Extraordinary Dividend Distribution: impact on Stock Option contracts OVS</b>

## **Foreword**

On Monday 19 February 2024 an extraordinary dividend will be distributed for OVS with impact on Options contracts as indicated in the Borsa Italiana's Notice n°3229 of 25 January 2024 and section B.3.1.7 of the Euronext Clearing Rules.

## **1. Adjustment of positions**

At close of trading day of Friday 16 February 2024 and after the night batch, open positions will be adjusted as indicated below.

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### 1.1 Options positions<sup>1</sup>

- a) The strike prices will be multiplied by the K<sup>2</sup> coefficient diffused by Borsa Italiana, and then rounded to the fourth decimal:

$$\text{Strike Price Ex} = \text{Strike Price Cum} \times K;$$

- b) the number of underlying shares will be divided by the same K coefficient rounded to the unit:

$$\text{Shares Number} = 500 \times \frac{1}{K}$$

The operations connected with the adjustment that must be made to back-Office system of Members which replicate margins of Euronext Clearing are described in detail below.

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<sup>1</sup> Positions exercised and/or assigned up to Friday 16 February 2024 will not be adjusted. Accordingly, the delivery obligation on these positions is still referred to a quantity of 500 Ordinary Shares *Cum* for the Options OVS.

<sup>2</sup> The coefficient K according to the following formula:  $K = \frac{P_{cum} - \text{extraordinary dividend}^{**}}{P_{cum}}$ ;

\*\* extraordinary dividend amount = 0.03 €.

## 2) Classification of Positions with cash and physical delivery

Options positions will be identified in *Clearing reports* as indicated in the following table:

<b>Up to the last cum trading day</b>			<b>Starting from the first ex trading day</b>				
<b>Description</b>	<b>Number of Underlying Shares</b>	<b>Class Symbol</b>	<b>Description</b>	<b>Number of Underlying Shares</b>	<b>Class Symbol</b>	<b>Class Group</b>	<b>Product Group</b>
OVS Ordinary Shares	500	OVS	OVS Shares Adjusted	500 / K	OVS1	OVS	OVS
OVS Ordinary Shares	500	OVS E/A*	OVS Shares Cum	500 cum	OVSA	OVSA	OVS
*) Class dedicated only to options exercised or assigned up to 16 February 2024.							
<b>Series that will be generated</b>  <i>The lot will be announced tomorrow in the Borsa Italiana Notice</i>			OVS  Ordinary Shares	EX	OVS	OVS	OVS

## **5) Deposit of shares to cover positions on “short” call options**

Each new deposit must be accompanied by an indication of the relative Class symbol in Euronext Securities Milan transfer message.

Euronext Securities Milan will carry out the appropriate adjustment on the share concerned by the adjustment according to its own timescales and procedures.

## **6) Differentials**

The calculation of the differentials arising from the adjustment of options will be indicated in the report RP – MC10 and dated 16 February 2024 and available 19 February 2024.

The cash amount will be paid in the daily margin settlement on Tuesday 20 February and reports in the “Cash adjustments/Buy-in” of reports RP- MS11 e RP-MS12.

\* \* \*

The early exercise is suspended on **Friday 16 February 2024.**