

London Stock Exchange Derivatives

MARKET NOTICE 2017/014

ANTICIPATED ADJUSTMENT FOR EXTRAORDINARY DIVIDEND IN SUBSEA 7 (SUBC)

London Stock Exchange Derivatives Market (LSEDM) informs member firms that The Board of SUBC have proposed to distribute a special dividend of NOK 5.00 per share.

Derivatives listed on LSEDM with SUBC as underlying will be adjusted for the extraordinary dividend.

Company:	Subsea 7 (SUBC)
Extraordinary Dividend:	NOK 5.00
Adjustment date:	April 12 th 2017 after close (half trading day)
Ex-date:	April 18 th 2017

If the proposal is approved, stock option strike, future price and contract size will be adjusted according to Section 3 of the [LSEDM Corporate Actions Policy](#).

The derivative series will be assigned new ISIN and marked with the letter X (Y for series already marked with X) for deviating contract specifications. New series will be uploaded to the website.

Members are encouraged to ensure that clients are aware of this adjustment.

Adjustment factor

$$A = \frac{P_{\text{cum}}^{\text{vwap}} - D_{\text{ord}} - D_{\text{ext}}}{P_{\text{cum}}^{\text{vwap}} - D_{\text{ord}}}$$

$P_{\text{cum}}^{\text{vwap}}$ = Volume-weighted average price of the stock prior to the ex-date

D_{ord} = Ordinary dividend

D_{ext} = Extraordinary dividend

New exercise and future price

$$X_{\text{ex}} = X_{\text{cum}} * A$$

X_{cum} = Strike price or future price prior to adjustment

New contract size

$$N_{\text{ex}} = \frac{N_{\text{cum}}}{A}$$

N_{ex} = Adjusted contract size

N_{cum} = Contract size prior to adjustment

Adjustment factors are rounded to six decimals, and adjusted exercise and future prices are rounded to four decimals. Adjusted contract sizes are rounded to the nearest whole integer.

If you have any questions please call Derivatives Corporate Actions Team on +44 (0) 207 797 3660.

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