



# THE OPTIONS CLEARING CORPORATION

#24345

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DATE: MAY 1, 2008

SUBJECT: VALLEY NATIONAL BANCORP – 5% STOCK DIVIDEND  
OPTION SYMBOL: VLY  
EX-DATE: MAY 7, 2008

The contract adjustment described below utilizes the *new method of contract adjustment* wherein strike prices, number of contracts, and premium/strike multipliers are *unchanged* for certain kinds of stock splits and stock dividends (See OCC Information Memo 23484.) It is important that option investors be aware that it will be necessary to *calculate* the current market value of the adjusted option deliverable to correctly determine the option's in-the-money status. See "Pricing" and "Important Trading Considerations" below.

## CONTRACT ADJUSTMENT

The Philadelphia Stock Exchange ("PHLX") has advised The Options Clearing Corporation ("OCC") that Valley National Bancorp ("VLY") has announced a 5% Stock Dividend. The ex-distribution date is Wednesday, May 7, 2008. The payable date is May 23, 2008. The record date is May 9, 2008.

Pursuant to Article VI, Section 11, of OCC's By-Laws, all Valley National Bancorp options will be adjusted as follows

Effective Date: Effective the opening of business May 7, 2008 and thereafter

Option Symbol: VLY changes to QLY

Number of Contracts: Unchanged

**Strike Prices** **Unchanged**

**Multiplier:** **100** (e.g., for premium or strike dollar extensions 1.00 will equal \$100.00)

New Deliverable Per Contract: 105 Valley National Bancorp ("VLY") Common Shares

CUSIP: 919794107

## PRICING

The underlying price for QLY options must be **calculated**, as follows:

$$\text{QLY} = 1.05 (\text{VLY})$$

For example, if VLY closes at 19.20, the QLY price would be calculated as follows:

$$\text{QLY} = 1.05 (19.20) = 20.16$$

Accordingly:

At expiration, a QLY Call 20 would be .16 (or \$.16 x 100 = \$16) **in-the-money**. With the current ex-by-ex threshold of .05 applied, this option would be exercised.

An exercise of a QLY Call 20 would yield \$2000 in aggregate strike amount.

A premium bid of .16 would represent \$16.

### **IMPORTANT TRADING CONSIDERATIONS**

This contract adjustment applies the new method of adjustment wherein strike prices, number of contracts, and premium/strike multipliers are unchanged for certain kinds of stock splits and stock dividends (See OCC Information Memo 23484.) **With this new method of adjustment, it is no longer possible to determine if an adjusted option is in- or out-of-the-money by simply comparing the stock price to the option strike price. When the new method is used, the stock price must always be adjusted by the appropriate factor(s) in order to correctly determine in-the-money amounts or premiums. Option investors must be aware of the number of shares (and possible cash amounts) in the deliverable and the fact that the multiplier used for premium and strike dollar extensions remains unchanged.**

CATEGORY: CONTRACT ADJUSTMENTS

SUB-CATEGORY: STOCK SPLIT

**For questions regarding this memo, call 1-888-OPTIONS or email [options@theocc.com](mailto:options@theocc.com).**