



THE OPTIONS CLEARING CORPORATION

#23794

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DATE: NOVEMBER 9, 2007

SUBJECT: SUN MICROSYSTEMS, INC. – REVERSE SPLIT
FUTURES SYMBOL: JAVA1C
NEW SYMBOL: JAVA2C
EX-DATE: 11/12/07

The contract adjustment described below utilizes the *new method of contract adjustment* wherein settlement prices, number of contracts, and settlement/trade price multipliers are *unchanged* for certain kinds of stock splits and stock dividends (See OCC Information Memo 23483.) It is important that future investors be aware that it will be necessary to *calculate* the current market value of the adjusted future deliverable to correctly determine the future's trade/settlement price value. See "Pricing" and "Important Trading Considerations" below.

CONTRACT ADJUSTMENT

The Options Clearing Corporation ("OCC") has been advised that Sun Microsystems, Inc. ("JAVA") has announced a 1-for-4 reverse stock split. As a result of the reverse stock split, each JAVA Common Share will be converted into the right to receive .25 (New) Sun Microsystems, Inc. Common Shares. The reverse stock split will become effective on November 12, 2007.

Pursuant to Article XII, Section 3, of OCC's By-Laws, all Sun Microsystems, Inc. Security Futures will be adjusted as follows:

Effective Date: Effective the opening of business November 12, 2007 and thereafter

Future Symbol: JAVA1C changes to JAVA2C

Number of Contracts: Unchanged

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

Settlement Price: **Unchanged**

New Deliverable Per Contract: **25** Sun Microsystems, Inc. ("JAVAD") Common Shares

CUSIP: JAVAD (New): to be determined

PRICING

The underlying price for the deliverable of JAVA2C futures must be **calculated**, as follows:

$$\text{JAVA2C} = .25(\text{JAVAD})$$

For example, after the contract adjustment, if JAVAD closes at 20, the JAVA2C deliverable price would be calculated as follows:

$$\text{JAVA2C} = .25 (.20) = 5$$

Accordingly:

If the previous day's settlement price was 5.00, and today's settlement price is 5.10, the mark-to-market value would be \$10 (\$.10 x 100).

At expiration, a long JAVA2C position with a settlement price of 5.10 would yield \$510 to receive **25** JAVA shares.

IMPORTANT TRADING CONSIDERATIONS

The contract adjustment described above utilizes the new method of contract adjustment wherein settlement prices, number of contracts, and price multipliers are unchanged for certain kinds of stock splits and stock dividends (See OCC Information Memo 23483.) **With this new method of adjustment, futures investors must always be aware of the number of shares (and possible cash amounts) in the deliverable and the fact that the multiplier used for trade and settlement price dollar extensions remains unchanged (at 100). The number of shares in the deliverable is not the same as the trade/settlement price multiplier.**

CATEGORY: CONTRACT ADJUSTMENTS

SUB-CATEGORY: STOCK SPLIT

For questions regarding this memo, call 1-888-OPTIONS or email options@theocc.com.