EXECUTE SUCCESS℠

# CBOE Research Circular #RS13-409

**Date:** **July 18, 2013**

**To:** Permit Holders
**From:** Scott Speer
**RE:** Franklin Resources, Inc. ("BEN")
3-for-1 Common Stock Split
Ex-Distribution Date: July 26, 2013

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Franklin Resources, Inc. ("BEN") has announced a 3-for-1 common stock split, with a payable date of July 25, 2013, to shareholders of record July 12, 2013. The ex-date for the common stock split is Friday, July 26, 2013.

## Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding BEN option series will be adjusted to reflect this 3-for-1 common stock split on Friday, July 26, 2013, at 8:30 A.M. Chicago time. The OCC will issue two additional contracts for each open contract on the ex-date. Also on the ex-date, each BEN series will have an adjusted exercise price equal to one-third of the exercise price rounded to the nearest 1/100th of a point for each BEN series existing on the business day immediately prior to the ex-date. The option symbol will remain the same. Adjusted exercise prices are shown below. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the ex-date. After 8:30 A.M. Friday, July 26, 2013, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

## Adjusted Exercise Prices

On Friday, July 26, 2013, the ex-distribution date, trading in BEN series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

| EXISTING SERIES 100 Shares | | | | | ADJUSTED SERIES* 100 Shares | | | |
|---|---|---|---|---|---|---|---|---|
| BEN | 85.00 | 2013-08-17 | C/P | => | BEN | 28.33 | 2013-08-17 | C/P |
| BEN | 90.00 | 2013-08-17 | C/P | => | BEN | 30.00 | 2013-08-17 | C/P |
| BEN | 95.00 | 2013-08-17 | C/P | => | BEN | 31.67 | 2013-08-17 | C/P |
| BEN | 100.00 | 2013-08-17 | C/P | => | BEN | 33.33 | 2013-08-17 | C/P |
| BEN | 105.00 | 2013-08-17 | C/P | => | BEN | 35.00 | 2013-08-17 | C/P |
| BEN | 110.00 | 2013-08-17 | C/P | => | BEN | 36.67 | 2013-08-17 | C/P |
| BEN | 115.00 | 2013-08-17 | C/P | => | BEN | 38.33 | 2013-08-17 | C/P |
| BEN | 120.00 | 2013-08-17 | C/P | => | BEN | 40.00 | 2013-08-17 | C/P |
| BEN | 125.00 | 2013-08-17 | C/P | => | BEN | 41.67 | 2013-08-17 | C/P |
| BEN | 130.00 | 2013-08-17 | C/P | => | BEN | 43.33 | 2013-08-17 | C/P |
| BEN | 135.00 | 2013-08-17 | C/P | => | BEN | 45.00 | 2013-08-17 | C/P |
| BEN | 140.00 | 2013-08-17 | C/P | => | BEN | 46.67 | 2013-08-17 | C/P |
| BEN | 145.00 | 2013-08-17 | C/P | => | BEN | 48.33 | 2013-08-17 | C/P |
| BEN | 150.00 | 2013-08-17 | C/P | => | BEN | 50.00 | 2013-08-17 | C/P |

| EXISTING SERIES 100 Shares | | | | | ADJUSTED SERIES* 100 Shares | | | |
|---|---|---|---|---|---|---|---|---|
| BEN | 155.00 | 2013-08-17 | C/P | => | BEN | 51.67 | 2013-08-17 | C/P |
| BEN | 160.00 | 2013-08-17 | C/P | => | BEN | 53.33 | 2013-08-17 | C/P |
| BEN | 165.00 | 2013-08-17 | C/P | => | BEN | 55.00 | 2013-08-17 | C/P |
| BEN | 170.00 | 2013-08-17 | C/P | => | BEN | 56.67 | 2013-08-17 | C/P |
| BEN | 175.00 | 2013-08-17 | C/P | => | BEN | 58.33 | 2013-08-17 | C/P |
| | | | | | | | | |
| BEN | 75.00 | 2013-10-19 | C/P | => | BEN | 25.00 | 2013-10-19 | C/P |
| BEN | 80.00 | 2013-10-19 | C/P | => | BEN | 26.67 | 2013-10-19 | C/P |
| BEN | 85.00 | 2013-10-19 | C/P | => | BEN | 28.33 | 2013-10-19 | C/P |
| BEN | 90.00 | 2013-10-19 | C/P | => | BEN | 30.00 | 2013-10-19 | C/P |
| BEN | 95.00 | 2013-10-19 | C/P | => | BEN | 31.67 | 2013-10-19 | C/P |
| BEN | 100.00 | 2013-10-19 | C/P | => | BEN | 33.33 | 2013-10-19 | C/P |
| BEN | 105.00 | 2013-10-19 | C/P | => | BEN | 35.00 | 2013-10-19 | C/P |
| BEN | 110.00 | 2013-10-19 | C/P | => | BEN | 36.67 | 2013-10-19 | C/P |
| BEN | 115.00 | 2013-10-19 | C/P | => | BEN | 38.33 | 2013-10-19 | C/P |
| BEN | 120.00 | 2013-10-19 | C/P | => | BEN | 40.00 | 2013-10-19 | C/P |
| BEN | 125.00 | 2013-10-19 | C/P | => | BEN | 41.67 | 2013-10-19 | C/P |
| BEN | 130.00 | 2013-10-19 | C/P | => | BEN | 43.33 | 2013-10-19 | C/P |
| BEN | 135.00 | 2013-10-19 | C/P | => | BEN | 45.00 | 2013-10-19 | C/P |
| BEN | 140.00 | 2013-10-19 | C/P | => | BEN | 46.67 | 2013-10-19 | C/P |
| BEN | 145.00 | 2013-10-19 | C/P | => | BEN | 48.33 | 2013-10-19 | C/P |
| BEN | 150.00 | 2013-10-19 | C/P | => | BEN | 50.00 | 2013-10-19 | C/P |
| BEN | 155.00 | 2013-10-19 | C/P | => | BEN | 51.67 | 2013-10-19 | C/P |
| BEN | 160.00 | 2013-10-19 | C/P | => | BEN | 53.33 | 2013-10-19 | C/P |
| BEN | 165.00 | 2013-10-19 | C/P | => | BEN | 55.00 | 2013-10-19 | C/P |
| BEN | 170.00 | 2013-10-19 | C/P | => | BEN | 56.67 | 2013-10-19 | C/P |
| BEN | 175.00 | 2013-10-19 | C/P | => | BEN | 58.33 | 2013-10-19 | C/P |
| BEN | 180.00 | 2013-10-19 | C/P | => | BEN | 60.00 | 2013-10-19 | C/P |
| BEN | 185.00 | 2013-10-19 | C/P | => | BEN | 61.67 | 2013-10-19 | C/P |
| BEN | 190.00 | 2013-10-19 | C/P | => | BEN | 63.33 | 2013-10-19 | C/P |
| BEN | 195.00 | 2013-10-19 | C/P | => | BEN | 65.00 | 2013-10-19 | C/P |
| | | | | | | | | |
| BEN | 52.00 | 2014-01-18 | C/P | => | BEN | 17.33 | 2014-01-18 | C/P |
| BEN | 57.00 | 2014-01-18 | C/P | => | BEN | 19.00 | 2014-01-18 | C/P |
| BEN | 62.00 | 2014-01-18 | C/P | => | BEN | 20.67 | 2014-01-18 | C/P |
| BEN | 65.00 | 2014-01-18 | C/P | => | BEN | 21.67 | 2014-01-18 | C/P |
| BEN | 67.00 | 2014-01-18 | C/P | => | BEN | 22.33 | 2014-01-18 | C/P |
| BEN | 70.00 | 2014-01-18 | C/P | => | BEN | 23.33 | 2014-01-18 | C/P |
| BEN | 72.00 | 2014-01-18 | C/P | => | BEN | 24.00 | 2014-01-18 | C/P |
| BEN | 75.00 | 2014-01-18 | C/P | => | BEN | 25.00 | 2014-01-18 | C/P |
| BEN | 77.00 | 2014-01-18 | C/P | => | BEN | 25.67 | 2014-01-18 | C/P |
| BEN | 80.00 | 2014-01-18 | C/P | => | BEN | 26.67 | 2014-01-18 | C/P |
| BEN | 82.00 | 2014-01-18 | C/P | => | BEN | 27.33 | 2014-01-18 | C/P |
| BEN | 85.00 | 2014-01-18 | C/P | => | BEN | 28.33 | 2014-01-18 | C/P |
| BEN | 87.00 | 2014-01-18 | C/P | => | BEN | 29.00 | 2014-01-18 | C/P |
| BEN | 90.00 | 2014-01-18 | C/P | => | BEN | 30.00 | 2014-01-18 | C/P |

| EXISTING SERIES 100 Shares | | | | | ADJUSTED SERIES* 100 Shares | | | |
|---|---|---|---|---|---|---|---|---|
| BEN | 92.00 | 2014-01-18 | C/P | => | BEN | 30.67 | 2014-01-18 | C/P |
| BEN | 95.00 | 2014-01-18 | C/P | => | BEN | 31.67 | 2014-01-18 | C/P |
| BEN | 97.00 | 2014-01-18 | C/P | => | BEN | 32.33 | 2014-01-18 | C/P |
| BEN | 100.00 | 2014-01-18 | C/P | => | BEN | 33.33 | 2014-01-18 | C/P |
| BEN | 102.00 | 2014-01-18 | C/P | => | BEN | 34.00 | 2014-01-18 | C/P |
| BEN | 105.00 | 2014-01-18 | C/P | => | BEN | 35.00 | 2014-01-18 | C/P |
| BEN | 107.00 | 2014-01-18 | C/P | => | BEN | 35.67 | 2014-01-18 | C/P |
| BEN | 110.00 | 2014-01-18 | C/P | => | BEN | 36.67 | 2014-01-18 | C/P |
| BEN | 112.00 | 2014-01-18 | C/P | => | BEN | 37.33 | 2014-01-18 | C/P |
| BEN | 115.00 | 2014-01-18 | C/P | => | BEN | 38.33 | 2014-01-18 | C/P |
| BEN | 117.00 | 2014-01-18 | C/P | => | BEN | 39.00 | 2014-01-18 | C/P |
| BEN | 120.00 | 2014-01-18 | C/P | => | BEN | 40.00 | 2014-01-18 | C/P |
| BEN | 122.00 | 2014-01-18 | C/P | => | BEN | 40.67 | 2014-01-18 | C/P |
| BEN | 125.00 | 2014-01-18 | C/P | => | BEN | 41.67 | 2014-01-18 | C/P |
| BEN | 127.00 | 2014-01-18 | C/P | => | BEN | 42.33 | 2014-01-18 | C/P |
| BEN | 130.00 | 2014-01-18 | C/P | => | BEN | 43.33 | 2014-01-18 | C/P |
| BEN | 132.00 | 2014-01-18 | C/P | => | BEN | 44.00 | 2014-01-18 | C/P |
| BEN | 135.00 | 2014-01-18 | C/P | => | BEN | 45.00 | 2014-01-18 | C/P |
| BEN | 137.00 | 2014-01-18 | C/P | => | BEN | 45.67 | 2014-01-18 | C/P |
| BEN | 140.00 | 2014-01-18 | C/P | => | BEN | 46.67 | 2014-01-18 | C/P |
| BEN | 142.00 | 2014-01-18 | C/P | => | BEN | 47.33 | 2014-01-18 | C/P |
| BEN | 145.00 | 2014-01-18 | C/P | => | BEN | 48.33 | 2014-01-18 | C/P |
| BEN | 147.00 | 2014-01-18 | C/P | => | BEN | 49.00 | 2014-01-18 | C/P |
| BEN | 150.00 | 2014-01-18 | C/P | => | BEN | 50.00 | 2014-01-18 | C/P |
| BEN | 152.00 | 2014-01-18 | C/P | => | BEN | 50.67 | 2014-01-18 | C/P |
| BEN | 155.00 | 2014-01-18 | C/P | => | BEN | 51.67 | 2014-01-18 | C/P |
| BEN | 157.00 | 2014-01-18 | C/P | => | BEN | 52.33 | 2014-01-18 | C/P |
| BEN | 160.00 | 2014-01-18 | C/P | => | BEN | 53.33 | 2014-01-18 | C/P |
| BEN | 162.00 | 2014-01-18 | C/P | => | BEN | 54.00 | 2014-01-18 | C/P |
| BEN | 165.00 | 2014-01-18 | C/P | => | BEN | 55.00 | 2014-01-18 | C/P |
| BEN | 167.00 | 2014-01-18 | C/P | => | BEN | 55.67 | 2014-01-18 | C/P |
| BEN | 170.00 | 2014-01-18 | C/P | => | BEN | 56.67 | 2014-01-18 | C/P |
| BEN | 172.00 | 2014-01-18 | C/P | => | BEN | 57.33 | 2014-01-18 | C/P |
| BEN | 175.00 | 2014-01-18 | C/P | => | BEN | 58.33 | 2014-01-18 | C/P |
| BEN | 177.00 | 2014-01-18 | C/P | => | BEN | 59.00 | 2014-01-18 | C/P |
| BEN | 180.00 | 2014-01-18 | C/P | => | BEN | 60.00 | 2014-01-18 | C/P |
| BEN | 182.00 | 2014-01-18 | C/P | => | BEN | 60.67 | 2014-01-18 | C/P |
| BEN | 185.00 | 2014-01-18 | C/P | => | BEN | 61.67 | 2014-01-18 | C/P |
| BEN | 187.00 | 2014-01-18 | C/P | => | BEN | 62.33 | 2014-01-18 | C/P |
| BEN | 190.00 | 2014-01-18 | C/P | => | BEN | 63.33 | 2014-01-18 | C/P |
| BEN | 192.00 | 2014-01-18 | C/P | => | BEN | 64.00 | 2014-01-18 | C/P |
| BEN | 195.00 | 2014-01-18 | C/P | => | BEN | 65.00 | 2014-01-18 | C/P |
| BEN | 200.00 | 2014-01-18 | C/P | => | BEN | 66.67 | 2014-01-18 | C/P |
| BEN | 210.00 | 2014-01-18 | C/P | => | BEN | 70.00 | 2014-01-18 | C/P |

**Any additional BEN series that are added prior to the ex-date (*e.g.*, the September series) will also be adjusted in the manner described above.**

## GTC Order Conversion

On Thursday, July 25, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the BEN order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

## IMPORTANT – Order Entry After Adjustment

Please note that at the time of the adjustment, the strike prices of all BEN options will be reduced by one-third, and OCC will issue two additional contracts for each open contract on the ex-date. At 8:30 A.M., Chicago time, on Friday, July 26, 2013, all outstanding BEN 65 options will become BEN 21.67 options, and BEN 195 options will become BEN 65 options. Any BEN 65 positions opened prior to the ex-date that are closed out on or after the ex-date must be closed out as BEN 21.67 options. Negligence in this matter could lead customers to establish new positions in the BEN 65 options rather than closing out then-existing positions in the BEN 21.67 options.

Strikes that will be affected by the adjustment in the manner described above are included in the table below. Members should be aware of the potential for confusion respecting any of the related pairs of strikes shown below, and should be cautious in this regard.

| Existing | -> | Adjusted | & | Existing | -> | Adjusted |
|---|---|---|---|---|---|---|
| 65.00 | -> | 21.67 | | 195.00 | -> | 65.00 |
| 70.00 | -> | 23.33 | | 210.00 | -> | 70.00 |

## Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this stock split will be any combination of BEN option contracts on the same side of the market not to exceed 750,000, contracts (75,000,000 shares) through January 18, 2014. Following the January 18, 2014 expiration the position and exercise limits will decrease to the standard limit of 200,000 contracts (20,000,000 shares) of BEN."

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Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

http://www.cboe.com/ContractAdjustments