
MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 356/2015
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 3 June 2015

SUBJECT: TREATMENT JSE LTD (JSE) CORPORATE ACTION – 08TH JUNE 2015 (EX. DATE)

Name and Surname: Brett Kotze
Designation: Head of Operations – Clearing and Settlement

Members notice is drawn to section 13 of the contract specifications of Individual Equity Futures and options, which states:

“13. Corporate Events

The JSE reserves the right to adopt any procedure or to adjust any single stock future or option on a single stock future, in a manner it deems fit, to deal with any extraordinary corporate events that may occur from time to time in relation to a share that is the underlying instrument of the equity option and to notify position holders, derivatives members and any other interested parties, of such event and the procedure or adjustment adopted. Such events include, for example, mergers, take-overs, unbundlings, capitalisation issues and rights issues.

The implication of this is that anybody trading in Single Stock futures or options on Single Stock futures in which the underlying stock is the subject of an extraordinary corporate event should be aware that the JSE may make adjustments to the Single Stock futures and options.

Special Dividend and Cash Dividend going ex on the same day

JSE Limited (JSE) has declared a special dividend of 80 cents per share and a cash dividend of 400 cents per share.. With regard to this corporate action, the following adjustments will be made to JSEQ and JSEF positions on Monday, 08th June 2015 (**Ex-date**). The adjustments will be made to the positions held as at close of business on Friday, 05th June 2015 (**LDT**).

Please note:

Adjustments will be made to all contracts where JSE is the underlying share.

1. Futures contracts.

The futures position will be increased by the following factor:

Calculation of factor:

Spot price / adjusted price

Where:

Spot price = the official closing price of the underlying share on Friday, 05th June 2015 (**LDT**) – **4.00 (Cash Dividend)**

Adjusted price = Spot price – 0.80 (special dividend).

E.g. if the official closing price of the underlying shares on Friday, 05th June 2015 (**LDT**) is 126.78, the following would apply:-

$$\begin{aligned} \text{Spot price} &= 126.78 - 4.00 \\ &= \underline{122.78} \end{aligned}$$

$$\begin{aligned} \text{Adjusted price} &= 122.78 - 0.80 \\ &= \underline{121.98} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 122.78 / 121.98 \\ &= \underline{1.00655845220528} \end{aligned}$$

I.e. Current positions*Factor (rounded to nearest whole contract) = the number of total contracts. Additional contracts will be created at an initial value of zero.

NB: -

- Please refer to Notice F708 for clarity regarding the allocation of additional contracts.
- In the event of an uneven allocation across all position holders, the position holder with the higher decimal fraction will receive priority above the position holder with the lower decimal fraction.

2. Option contracts.

- a. The options position will be increased by the same factor as the futures above.
- b. The option strikes will be adjusted by the following factor:

Calculation of options factor (based on the example above):

Adjusted price / spot price

$$\begin{aligned}\text{Options factor} &= 121.98 / 122.78 \\ &= \underline{0.99348428083}\end{aligned}$$

E.g. if the old strike is 126.78 the following would apply:-

$$\begin{aligned}\text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 126.78 * \underline{0.99348428083} \\ &= \underline{125.95}\end{aligned}$$

Existing positions will be closed out at a 0 value and new positions opened at the new strike with a 0 value.

NB: -

- Please refer to Notice F708 for clarity regarding the allocation of additional contracts.
- In the event of an uneven allocation across all position holders, the position holder with the higher decimal fraction will receive priority above the position holder with the lower decimal fraction.

Should you have any queries regarding this notice, please contact clearops@jse.co.za

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