MARKET NOTICE

Number:	670/2016
Relates to:	☐ Equity Market
	☒ Equity Derivatives
	☐ Commodity Derivatives
	☐ Interest Rate and Currency Derivatives
Date:	9 December 2016

SUBJECT:	**TREATMENT OF LIFE HEALTHCARE GROUP HOLDINGS LIMITED (LHC) CORPORATE ACTION SCRIP DIVIDEND – 13 DECEMBER 2016 (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.

Scrip Dividend (default being Scrip)

Life Healthcare Group Holdings Limited (LHC) has declared a scrip dividend of 92 cents per share or shareholders could elect to receive 2.96728 LHC shares for every 100 LHC shares held on LDT, the 12 December 2016.

Due to the fact that the default selection on the Scrip Dividend is shares, the adjustments will be made to all contracts with the underlying of LHC on Tuesday, 13 December 2016 (Ex-date)

1.   Futures contracts.

The futures position will be increased by the following factor:

Calculation of futures factor:

102.96728 / 100

= 1.0296728

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.

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.

100 / 102.96728

= 0.971182301

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.

3. CFD contracts.

Current positions*****Factor = the number of total contracts.

Calculation of futures factor:

102.96728 / 100

= 1.0296728

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.

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

This Market Notice will be available on the website at *https://www.jse.co.za/redirects/market-notices-and-circulars*