

MARKET NOTICE

Number: 037/2024

Relates to:

- ☐ Equity Market
- ☒ Equity Derivatives Market
- ☐ Commodity Derivatives Market
- ☐ Currency Derivatives Market
- ☐ Interest Rate Derivatives Market
- ☐ Bond Market
- ☐ Bond ETP Market

Date: 09 February 2024

SUBJECT: TREATMENT OF FS KKR CAPITAL CORP (FSKI) CORPORATE ACTION – SPECIAL DIVIDEND - 13 FEBRUARY 2024 (EX. DATE)

Name and Surname: Matthias Kempgen

Designation: Chief Information & Operating Officer – JSE Clear

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

FS KKR Capital Corp (FSKI) has declared a special dividend of **0.05** USD per share. The special dividend will be converted to ZAR using the JSE determined 6pm USD/ZAR closing spot price based on WMR fixing rate at EOD on LDT. With regards to this corporate action, the following adjustments will be made to FSKI positions on 13 February 2024 (**Ex-date**). The adjustments will be made to positions held as at close of business on 12 February 2024 (**LDT**).

IMPORTANT NOTE for position holders:

Certain types of corporate actions require futures and options positions to be adjusted. This is done by applying the relevant position factor (determined as per published methodologies). The application of the position factor often results in decimal values, as a result rounding is a key part of the corporate action processing.

Therefore, current positions multiplied with the factor are rounded up or down to the nearest whole contract which determines the adjusted position. Smaller positions (depending on the factor) may as a result not receive additional contracts.

Please refer to the published guidance note for details:

<https://www.jse.co.za/content/Guidance%20Notes/ITaC%20Guidance%20Note%20on%20Corporate%20Actions.pdf>

Adjusted positions will be created at an initial value of zero.

Please note:

Position adjustments will be made to all contracts where FSKI is the underlying share. These contracts include:

Contract Code	JSE Instrument Type
18DEC23 FSKI CSH	INTERNATIONAL EQUITY
18DEC23 FSKI CSH DN	International Dividend Neutral
18MAR24 FSKI CSH	INTERNATIONAL EQUITY
18MAR24 FSKI CSH DN	International Dividend Neutral
14JUN24 FSKI CSH	INTERNATIONAL EQUITY
14JUN24 FSKI CSH DN	International Dividend Neutral

1. POSITION FACTOR

The positions will be adjusted by the following factor:

Calculation of position factor:

Spot price / adjusted price

Where:

Spot price = the official closing price of the underlying share on **12 February 2024 (LDT)**

Adjusted price = Spot price – **0.915665 (Special Dividend Rate Converted to ZAR)**.

Example: If the official closing price of the underlying shares on 12 February 2024 (**LDT**) is 362.45, the following would apply:

Spot price = 362.45

Adjusted price = 362.45 – 0.915665

= 361.53

Position factor = 362.45 / 361.53

= 1.002545

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.

TREATMENT FOR ALLOCATION ON ADDITIONAL CONTRACTS

With the implementation of ITaC, the JSE has enhanced the position adjustment process.

Please see link below to the Guidance Note issued on treatment of corporate actions as distributed in October 2018 and specifically refer to Section 8 for details of the position adjustment process:

<https://www.jse.co.za/content/Guidance%20Notes/ITaC%20Guidance%20Note%20on%20Corporate%20Actions.pdf>

Should you have any queries regarding this Market Notice, please e-mail: clearops@jse.co.za

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