

## MARKET NOTICE

**Number:** 038/2024

**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 WALMART INC (WMTI) CORPORATE ACTION – SUB DIVISION - 26  
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.

### Sub-division

**Walmart Inc (WMTI)** shareholders will receive 3 WMTI shares for every 1 WMTI share held. With regards to this corporate action, the following adjustments will be made to WMTI positions on 26 February 2024 (**Ex-date**). The adjustments will be made to positions held as at close of business on 23 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 WMTI is the underlying share. These contracts include:

<b>Contract Code</b>	<b>JSE Instrument Type</b>
18MAR24 WMTI CSH	INTERNATIONAL EQUITY
18MAR24 WMTI CSH DN	International Dividend Neutral
14JUN24 WMTI CSH	INTERNATIONAL EQUITY
14JUN24 WMTI CSH DN	International Dividend Neutral
16SEP24 WMTI CSH	INTERNATIONAL EQUITY
16SEP24 WMTI CSH DN	International Dividend Neutral
13DEC24 WMTI CSH	INTERNATIONAL EQUITY
13DEC24 WMTI CSH DN	International Dividend Neutral

### **Position adjustments on Futures**

- The positions on futures will be closed and new adjusted positions will be opened by applying the position factor formula
- Existing positions will be closed out at a 0 value and new positions opened at a 0 value
- Position factor formula = Resultant (3)/Source (1)

Example:

Position on LDT: +100 16SEP24 WMTI CSH DN

Position on Ex Date: +300 16SEP24 WMTI CSH DN

**I.e.** Current positions\*position factor (rounded to nearest whole contract) = the number of total contracts.

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#### **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](mailto:clearops@jse.co.za)

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