
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
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Relates to:

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

Date: 2 March 2023**SUBJECT:** UPDATE - SINGLE STOCK FUTURE (SSF) CONTRACT SIZE CHANGE PROJECT**Name and Surname:** Langa Manqele**Designation:** Head - Equities and Equity Derivatives

Dear Client,

Further to the [Market Notice 067/2022](#), the JSE would like to inform clients that the end-to-end systems' impact of the Single Stock Futures Contract Size change, i.e., reducing the contract size from 100 to 1, has been completed. The first objective of this project is to reduce the impact of position adjustments when a dividend is declared on the underlying stock, the second objective is to make the SSF more attractive to the Retail Market.

The JSE system's impact exercise, consultations with market participants and Software Providers indicates that this project is certain to take no less than 10 months of extensive systems development and testing work; including a couple of Market-wide testing weekends. Therefore, after careful consideration of the effort and cost impact to the JSE and to market participants the JSE has decided to implement a simpler change that will achieve the same results but without the effort and cost estimate of changing the contract size. The revised scope proposal does not address the second objective of the project at this stage.

The revised scope is to change the treatment of special dividends from a position adjustment to a cash journal treatment (for dividend neutral instruments). Effectively, the JSE will combine the special and cash dividend (existing calculation method) and settle via current cash journal payment instead of effecting the **position adjustments** of SSF Dividend Neutral Contracts and/or **adjusting Strike Prices** on Options referencing the SSF as the underlying.

The Standard SSF contracts (i.e. those without the dividend neutral pay-off) do not have the journal ability and will remain with the position adjusted treatment and subject to the nearest contract rounding impact.

This approach de-risks the project significantly and aligns the treatment of special dividends to that of ordinary cash Dividends which are processed as a cash journal to ensure that the dividend corporate action event leaves position holders in the same economic position before and after the event.

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

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