

MARKET NOTICE

Johannesburg
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Relates to: ☐ Equity Market
☒ Equity Derivatives
☐ Commodity Derivatives
☐ Interest Rate and Currency Derivatives

Date: 10 January 2019

SUBJECT: UPDATE - TREATMENT OF BHP GROUP PLC (BHP) CORPORATE ACTION – SPECIAL DIVIDEND (EX.DATE) - 9 JANUARY 2019

Name and Surname: Valdene Reddy

Designation: Head – Equity & Equity Derivatives

Dear Client

Following queries received from the market with regards to the treatment of BHP Group PLC (BHP) special dividend corporate action on listed derivatives, we would like to advise as follows:

1. All listed derivatives on BHP Group were treated in accordance with the prevailing corporate action methodology applicable to Special Dividends. The details are available on the following [link](#).
2. The prevailing treatment for special dividends applies a rounding convention since it is not possible to hold a fraction of a contract. The impact of this rounding can be either positive or negative for individual position holders.
3. JSE is aware of the concerns with the current methodology due to uneven allocation of positions once the adjustment factor has been applied on positions at LTD.
4. Alternative treatments for special dividends have been discussed at the Financial Derivatives Advisory Committee (FDAC) and the JSE has committed to revising the prevailing methodology this year, 2019. The enhancements being considered are:
 - a. Changing the contract size from **100** to **1**.
 - b. Passing a Cash Journal in proportion to special dividend impact on adjusted positions.

The JSE appreciates the market's consideration and consultation on ways to enhance this process and confirms that the JSE will provide regular updates to the market on the proposed treatment and the timing of the proposed methodology enhancement.

Should you have any queries please contact Clearops@jse.co.za or +27 11 520-7349.

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