
MARKET NOTICEJohannesburg
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Number: 146/2020
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Listing Date: 9 April 2020

SUBJECT: CLARIFICATION NOTE - TREATMENT OF A DIVIDEND BY MONDI

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Designation: Head - Equity and Equity Derivatives

Dear Client,

Following queries pertaining to a SENS announcement titled “**COVID-19, Trading and AGM update**” by MONDI PLC (JSE share code: MNP) this morning, the JSE wishes to clarify its treatment of dividends that are withdrawn after Ex-Date has passed.

Regulatory differences between JSE Primary Listed Companies versus JSE Secondary Listed Companies

1. JSE primary listed companies

Clients are referred to the JSE Issuer Regulation’s letter dated 2 April 2020 issued to broader market on 3 April 2020. The JSE therefore emphasises that, as with the application of all requirements of the JSE Listings Requirements, the minimum statutory provisions of the Companies Act must be complied with at all times. Therefore any cancellations and changes referred to above can only be implemented if such cancellations and/or changes comply, in all aspects with the provisions of the Companies Act.

2. JSE secondary listed companies (specifically LSE primary listed companies)

Under UK law, the Board may announce its intention to pay a final dividend to its shareholders, this is a public recommendation by the Board but not a declaration of the dividend. Only a company shareholders may approve the declaration of a final dividend. Once and only when the recommendation has been approved by shareholders does it become final and debt payable by the company. After that, it is not possible to withdraw or retract the dividend. However, company directors may withdraw their recommendation at any point up until the AGM. Mondi PLC’ scenario falls into this category, a recommendation was made by Board, and withdrawn over the weekend prior to the shareholder approval at the AGM.

Given the above, therefore the implications on Indices and Closing Prices is as follows: -

Index and Closing Prices - Mondi

1. **There will be no restatement of Mondi PLC closing prices:** the closing prices were based on market forces and data available at that point in time when a recommendation of a dividend was made.
2. **There will be no restatement of capital index levels:** since an index must be based on closing price of constituent instruments which in this case is not being restated.
3. **Total Return Index:** the values are updated going forward with T+1 notice as per the below extract from the **FTSE Russell Corporate Actions Guide**, a corrective negative adjustment is made to the **FTSE/JSE Total Return indices** in the event of a dividend being cancelled.

4.3 Unknown Ordinary Dividends and Corrections

- If a company distributing an ordinary dividend subsequently announces a retraction (i.e. dividend is no longer being paid), FTSE Russell will apply a corrective negative adjustment with T+1 notice

The correction in the Index Series as contemplated above is applied going forward, if the discovery of the change is more than 2 Business Days after the Ex-Date, the negative adjustment is applied T+1 and there is no recalculation. Below is a table summarising the events under this scenario.

Event Type	Identified Issue	Decision Criteria	Action	Recalculation	Data File Product Reissue
	Cancelled Dividend	Captured before or on pay date	Negative adjustment applied the next trading day	N	N

There is no restatement of any of the historical values.

Should you have any queries regarding this market notice, please contact the JSE Equities and Equity Derivatives Team on **011 520 7981** or EDM@jse.co.za

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