
MARKET NOTICEJohannesburg
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Number: 213/2020
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 29 April 2020

SUBJECT: TREATMENT OF LONZA GROUP AG (LONNI) CORPORATE ACTION – RETURN OF CAPITAL 30 APRIL 2020 (EX-DATE)

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Designation: Head - Derivatives Operations - Post Trade Services

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.

Return of Capital

Lonza Group AG (LONNI) has declared a cash dividend of CHF 0.1375 and a return of capital of CHF 0.1375 (The return of capital and cash dividend will be converted to ZAR at the prevailing CHF/ZAR exchange rate at EOD on LDT). With regards to this corporate action, the following adjustments will be made to LONNI positions on Thursday, 30 April 2020 (**Ex-date**). The adjustments will be made to positions as at close of business on Wednesday, 29 April 2020 (**LDT**).

Please note:

Adjustments will be made to all contracts where LONNI is the underlying share.

Affected contracts:

Contract Code	JSE Instrument Type
12JUN20 LONNI CSH	INTERNATIONAL EQUITY
12JUN20 LONNI CSH DN	International Dividend Neutral
14SEP20 LONNI CSH	INTERNATIONAL EQUITY
14SEP20 LONNI CSH DN	International Dividend Neutral
14DEC20 LONNI CSH DN	International Dividend Neutral
14DEC20 LONNI CSH	INTERNATIONAL EQUITY

1. FUTURES CONTRACTS

The futures position will be increased by the following factor:

Calculation of futures factor:

Spot price / adjusted price

Where:

Spot price = the official closing price of the underlying share on **29 April 2020 (LDT) – 20.58265 (Cash Dividend rate converted to ZAR)**

Adjusted price = Spot price – **20.58265 (Return of Capital rate Converted to ZAR)**.

E.g. if the official closing prices of the underlying share on Wednesday, 29 April 2020 (**LDT**) is 8219.68 the following would apply:-

Spot price = 8219.68

Adjusted price = 8218.68 – 1.375

= **8216.93**

Futures factor = 8218.30 / 8216.93

= 1.00016672893

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 notice, please contact clearops@jse.co.za

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