

## MARKET NOTICE

**Number:** 299/2024

**Relates to:**

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

**Date:** 08 October 2024

**SUBJECT:** TREATMENT OF AVI LTD (AVI) CORPORATE ACTION – SPECIAL DIVIDEND AND CASH DIVIDEND – 16 OCTOBER 2024 (EX. DATE)

**Name and Surname:** Matthias Kempgen

**Designation:** Chief Information & Operating Officer – JSE Clear

Dear Client

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.

### Special and Cash Dividend

**AVI Ltd (AVI)** has declared a special dividend of **280** per share and a cash dividend of **388** cents per share. With regards to this corporate action, the following adjustments will be made to **AVI** positions on 16 October 2024 (**Ex-date**). The adjustments will be made to positions held as at close of business on 15 October 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 **AVI** is the underlying share. These contracts include:

<b>Contract</b>	<b>Contract Code</b>
19DEC24 AVI PHY	19DEC24 AVI PHY
19DEC24 AVI PHY DN	19DEC24 AVI PHY DN
19DEC24 AVI CSH	19DEC24 AVI CSH
19DEC24 AVI CSH DN	19DEC24 AVI CSH DN
20MAR25 AVI PHY	20MAR25 AVI PHY
20MAR25 AVI PHY DN	20MAR25 AVI PHY DN
20MAR25 AVI CSH	20MAR25 AVI CSH
20MAR25 AVI CSH CFD RODI	20MAR25 AVI CSH CFD RODI
20MAR25 AVI CSH CFD SABOR	20MAR25 AVI CSH CFD SABOR
20MAR25 AVI CSH DN	20MAR25 AVI CSH DN
19JUN25 AVI PHY	19JUN25 AVI PHY
19JUN25 AVI PHY DN	19JUN25 AVI PHY DN
19JUN25 AVI CSH	19JUN25 AVI CSH
19JUN25 AVI CSH DN	19JUN25 AVI CSH DN
18SEP25 AVI PHY	18SEP25 AVI PHY
18SEP25 AVI PHY DN	18SEP25 AVI PHY DN
18SEP25 AVI CSH	18SEP25 AVI CSH
18SEP25 AVI CSH DN	18SEP25 AVI CSH DN

## 1. POSITION FACTOR

The positions will be adjusted by the following factor:

Calculation of position factor:

**Spot price / adjusted price**

Where:

**Spot price** = the official closing price of the underlying share on **15 October 2024 (LDT)**

**Adjusted price** = Spot price – **2.80 (Special Dividend)**.

Example: If the official closing price of the underlying shares on 15 October 2024 (LDT) is **107.01**, the following would apply:

Spot price = 107.01 – 3.88 = **103.13**

Adjusted price = 103.13 – 2.8 = **100.33**

Position factor = 103.13 / 100.33  
= 1.027908

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.

## 2. OPTION CONTRACTS

- a. The option positions will be adjusted by the same factor as the futures positions.
- b. The option strikes will be adjusted using the options factor

Calculation of options factor

**Adjusted price / spot price.**

Options factor = 100.33 / 103.13  
= **0.972849**

E.g. if the old strike is 107, the following would apply: -

**New strike** = Old strike \* options factor  
= 107 \* 0.972849  
= **104.094843**

Existing positions will be closed out at a 0 value and new positions opened at the new strike with a 0 value.

## 3. CFD CONTRACTS

Current positions\*Factor (rounded to nearest whole contract) = the number of total contracts. Adjusted contracts will be created at an initial value of zero.

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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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