

## MARKET NOTICE

**Number:** 305/2023

**Relates to:**

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

**Date:** 18 August 2023

**SUBJECT:** TREATMENT OF FS KKR CAPITAL CORP (FSKI) CORPORATE ACTION – SPECIAL DIVIDEND AND CASH DIVIDEND – 12 SEPTEMBER 2023 (EX - DATE)

**Name and Surname:** Matthias Kempgen

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

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 Dividend and Cash Dividend

**FS KKR Capital Corp (FSKI)** has declared a special dividend of **0.06** USD per share and a cash dividend of **0.64** USD per share. The special and cash dividend will be converted to ZAR using the JSE determined 5pm USD/ZAR closing spot price based on WMR fixing rate at EOD on LDT. With regards to this corporate action, the following adjustments will be made to FSKI positions on 12 September 2023 (**Ex-date**). The adjustments will be made to positions held as at close of business on 11 September 2023 (**LDT**).

**Please note:**

Adjustments will be made to all contracts where FSKI is the underlying share. These contracts include:

<b>Contract Code</b>	<b>JSE Instrument Type</b>
18SEP23 FSKI CSH	INTERNATIONAL EQUITY
18SEP23 FSKI CSH DN	International Dividend Neutral
18DEC23 FSKI CSH	INTERNATIONAL EQUITY
18DEC23 FSKI CSH DN	International Dividend Neutral

#### **1. FUTURES CONTRACTS**

The futures positions will be adjusted by the following factor:

Calculation of futures factor:

**Spot price / adjusted price**

Where:

**Spot price** = the official closing price of the underlying share on **11 September 2023 (LDT)** - **12.15616 (Cash Dividend Rate Converted to ZAR)**.

**Adjusted price** = Spot price – **1.13964 (Special Dividend Rate Converted to ZAR)**.

Example: If the official closing price of the underlying shares on 11 September 2023 (**LDT**) is 378.98, the following would apply:

$$\begin{aligned} \text{Spot price} &= 378.98 - 12.15616 \\ &= 366.82 \end{aligned}$$

$$\begin{aligned} \text{Adjusted price} &= 366.82 - 1.13964 \\ &= 365.68 \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 366.82 / 365.68 \\ &= 1.003117 \end{aligned}$$

**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.

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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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