

MARKET NOTICE

Number: 311/2023

Relates to:

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

Date: 29 August 2023

SUBJECT: TREATMENT OF GLENCORE PLC (GLN) CORPORATE ACTION – CAPITAL REDUCTION
30 AUGUST 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.

Capital Reduction

Glencore Plc (GLN) has declared a capital reduction of **560.889** cents per share. With regards to this corporate action, the following adjustments will be made to GLN positions on 30 August 2023 (**Ex-date**). The adjustments will be made to the positions held as at close of business on 29 August 2023 (**LDT**).

Please note:

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

Contract Code	JSE Instrument Type
21SEP23 GLN PHY	Single Stock
21SEP23 GLN PHY DN	Dividend Neutral
21SEP23 GLN CSH	Single Stock
21SEP23 GLN CSH DN	Dividend Neutral
21DEC23 GLN PHY	Single Stock
21DEC23 GLN PHY DN	Dividend Neutral
21DEC23 GLN CSH	Single Stock
21DEC23 GLN CSH DN	Dividend Neutral
20MAR24 GLN PHY	Single Stock
20MAR24 GLN PHY DN	Dividend Neutral
20MAR24 GLN CSH	Single Stock
20MAR24 GLN CSH CFD RODI	CFD
20MAR24 GLN CSH CFD SABOR	CFD
20MAR24 GLN CSH DN	Dividend Neutral
21SEP23 GLN PHY 120C	Single Stock
21SEP23 GLN PHY 115.44C	Single Stock
20JUN24 GLN PHY	Single Stock
20JUN24 GLN PHY DN	Dividend Neutral
20JUN24 GLN CSH	Single Stock
20JUN24 GLN CSH DN	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 29 August 2023 (**LDT**)

Adjusted price = Spot price – **5.60889 (Capital Reduction)**

Example: If the official closing price of the underlying shares on 29 August 2023 (**LDT**) is 101.53, the following would apply:

Spot price = 101.53

Adjusted price = 101.53 – **5.60889**

= **95.92**

$$\begin{aligned} \text{Futures factor} &= 101.53 / 95.92 \\ &= \mathbf{1.058474} \end{aligned}$$

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

2. OPTION CONTRACTS

- a. The position on options will be adjusted by the futures factor.
- b. The option strikes will be adjusted by the options factor:

Calculation of options factor (based on the example above):

Adjusted price / spot price.

$$\begin{aligned} \text{Options factor} &= 95.92 / 101.53 \\ &= \mathbf{0.944745} \end{aligned}$$

Example: if the old strike is 101.50 the following would apply: -

$$\begin{aligned} \text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 101.50 * 0.944745 \\ &= \mathbf{95.89} \end{aligned}$$

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.

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

This Market Notice is available on the JSE website at: [JSE Market Notices](#)