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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 456/2022**Relates to:**  
 Equity Market  
 Equity Derivatives Market  
 Commodity Derivatives Market  
 Currency Derivatives Market  
 Interest Rate Derivatives Market  
 Bond Market  
 Bond ETP Market**Date:** 13 September 2022**SUBJECT:** TREATMENT OF SOUTH32 LIMITED (S32) CORPORATE ACTION – SPECIAL DIVIDEND AND CASH DIVIDEND 14 SEPTEMBER 2022 (EX. DATE)**Name and Surname:** Matthias Kempgen**Designation:** Chief Operating Officer – JSE Clear

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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

**South32 Limited (S32)** has declared a special dividend of 51.83895 cents per share and a cash dividend of 241.9151 cents per share. With regards to this corporate action, the following adjustments will be made to S32 positions on 14 September 2022 (**Ex-date**). The adjustments will be made to positions held as at close of business on 13 September 2022 (**LDT**).

**Please note:**

Adjustments will be made to all contracts where S32 is the underlying share. These contracts include:

<b>Contract Code</b>	<b>JSE Instrument Type</b>
15SEP22 S32 PHY	Single Stock
15SEP22 S32 PHY DN	Dividend Neutral
15SEP22 S32 CSH	Single Stock
15DEC22 S32 PHY	Single Stock
15DEC22 S32 PHY DN	Dividend Neutral
15DEC22 S32 CSH	Single Stock
16MAR23 S32 PHY	Single Stock
16MAR23 S32 PHY DN	Dividend Neutral
16MAR23 S32 CSH CFD RODI	CFD
16MAR23 S32 CSH CFD SABOR	CFD
16MAR23 S32 CSH	Single Stock
15SEP22 S32 CSH 49.74P	Single Stock
15SEP22 S32 CSH 57.65C	Single Stock
15SEP22 S32 CSH 63.22C	Single Stock
15JUN23 S32 PHY	Single Stock
15JUN23 S32 PHY DN	Dividend Neutral
15JUN23 S32 CSH	Single Stock
15DEC22 S32 CSH 37.51P	Single Stock
15DEC22 S32 CSH 41.68C	Single Stock
15DEC22 S32 CSH 48.89C	Single Stock
21SEP23 S32 PHY	Single Stock
21SEP23 S32 PHY DN	Dividend Neutral
21SEP23 S32 CSH	Single Stock

#### 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 **13 September 2022 (LDT) – 2.419151 (Cash Dividend)**

**Adjusted price** = Spot price – **0.5183985 (Special Dividend)**.

Example: If the official closing price of the underlying shares on 13 September 2022 (**LDT**) is 50.95, the following would apply:

$$\text{Spot price} = 50.95 - 2.419151 = \mathbf{48.53}$$

$$\begin{aligned} \text{Adjusted price} &= 48.53 - 0.5183985 \\ &= \mathbf{48.01} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 48.53 / 48.01 \\ &= \mathbf{1.010831} \end{aligned}$$

**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.

## 2. OPTION CONTRACTS

- a. The options position will be increased by the same factor as the futures above.
- b. The option strikes will be adjusted by the following factor:

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

### Adjusted price / spot price

$$\begin{aligned} \text{Options factor} &= 48.01 / 48.53 \\ &= \mathbf{0.989284} \end{aligned}$$

E.g. if the old strike is 50.90 the following would apply: -

$$\begin{aligned} \text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 50.90 * 0.989284 \\ &= \mathbf{50.35} \end{aligned}$$

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. 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://clientportal.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](mailto:clearops@jse.co.za)

This Market Notice is available on the website at <https://clientportal.jse.co.za/communication/jse-market-notices>