
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 574/2020**Relates to:** Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives**Date:** 26 October 2020**SUBJECT:** TREATMENT OF TRENCOR LTD (TRE) CORPORATE ACTION - SPECIAL DIVIDEND - 28 OCTOBER 2020 (EX-DATE)**Name and Surname:** Matthias Kempgen**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, capitalization 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

Trencor Ltd (TRE) has declared a special dividend of **160** cents per share. With regards to this corporate action, the following adjustments will be made to TRE positions on 28 October 2020 (**Ex-Date**). The adjustments will be made to the positions held as at close of business on 27 October 2020 (LDT).

Please note:

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

These contracts include:

Contract Code	JSE Instrument Type
17DEC20 TRE PHY DN	Dividend Neutral
18MAR21 TRE CSH CFD SABOR	CFD
18MAR21 TRE CSH CFD RODI	CFD
18MAR21 TRE PHY DN	Dividend Neutral
18MAR21 TRE PHY	Single Stock
17DEC20 TRE PHY	Single Stock
17JUN21 TRE PHY DN	Dividend Neutral
17JUN21 TRE PHY	Single Stock
16SEP21 TRE PHY	Single Stock
16SEP21 TRE PHY DN	Dividend Neutral

1. FUTURES CONTRACTS

The futures position will be increased by the following factor:

Calculation of factor:

Spot price / adjusted price

Where:

Spot price = the official closing price of the underlying share on **27 October 2020 (LDT)**

Adjusted price = Spot price – **1.60 (Special Dividend)**

Example: If the official closing price of the underlying shares on 27 October 2020 (**LDT**) is 5.98, the following would apply:

$$\begin{aligned} \text{Adjusted price} &= 5.98 - 1.60 \\ &= \mathbf{4.38} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 5.98 / 4.38 \\ &= \mathbf{1.36529680365} \end{aligned}$$

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

$$\begin{aligned}\text{Options factor} &= 4.38 / 5.98 \\ &= \mathbf{0.73244147157}\end{aligned}$$

Example: If the old strike is 5.88 the following would apply:

$$\begin{aligned}\text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 5.88 * 0.73244147157 \\ &= \mathbf{4.30}\end{aligned}$$

Existing positions will be closed out at an initial value of zero and new positions will be opened at the new strike with 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 please contact Clearops@jse.co.za or +27 11 520-7349.

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>