
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 064/2022

Relates to:

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

Date: 15 February 2022**SUBJECT:** TREATMENT OF LIBERTY HOLDINGS LTD (LBH) CORPORATE ACTION – SCHEME OF ARRANGEMENT 23 FEBRUARY 2022 (EX-DATE)**Name and Surname:** Matthias Kempgen**Designation:** Chief 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.

Scheme of arrangements

Liberty Holdings Ltd (LBH) has declared a Capital Reduction of 11.10 cents followed by a Capital Payment of 14.40 cents per share. A conversion will then take place whereby for every 1 **Liberty Holdings Ltd (LBH)** held, shareholders will receive 0.5 **Standard Bank Group Ltd (SBK)** shares.

With regards to this corporate action, the following adjustments will be made to LBH positions on 23 February 2022 (**Ex-date**). The adjustments will be made to positions held as at close of business on 22 February 2022 (**LDT**).

1. FUTURES CONTRACTS

The LBH 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, 22 February 2022 (**LDT**).

Adjusted price = Spot price – (11.10 (**Capital Reduction**) and 14.40 (**Capital Payment**)).

E.g. if the official closing price of the underlying share on, 22 February 2022 (**LDT**) is 102.00 the following would apply:

Spot price = 102.00

Adjusted price = 102.00 – 25.5 (Capital Reduction and Capital Payment combined)
= **76.5**

Futures factor = 102.00 / 76.5
= 1.333333

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

$$\begin{aligned} \text{Options factor} &= 76.5 / 102.00 \\ &= \underline{0.75} \end{aligned}$$

E.g. if the old strike is 101.00 the following would apply: -

$$\begin{aligned} \text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 101.00 * 0.75 \\ &= 75.75 \end{aligned}$$

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.

After the above factor is applied to the (LBH) positions, the below conversion will take place

CONVERSION RATIO:

$$1 \text{ (LBH)} = 0.5 \text{ (SBK)}$$

Example:

Position on LDT: 17MAR22 LBH PHY
Position on Ex Date: 17MAR22 SBK PHY

Note: Current positions*Ratio (**rounded to nearest whole contract**) = the number of total contracts that will be created in Standard Bank Group Ltd (SBK).

Positions in Liberty Holdings Ltd (LBH) will be closed out at a zero value and new positions in Standard Bank Group Ltd (SBK) will be created at a zero value.

Please note:

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

Contract Code	JSE Instrument Type
17MAR22 LBH CSH CFD SABOR	CFD
17MAR22 LBH PHY	Single Stock
17MAR22 LBH PHY DN	Dividend Neutral

17MAR22 LBH CSH DN	Dividend Neutral
17MAR22 LBH CSH	Single Stock
17MAR22 LBH CSH CFD RODI	CFD
15JUN22 LBH PHY	Single Stock
15JUN22 LBH CSH	Single Stock
15JUN22 LBH PHY DN	Dividend Neutral
15JUN22 LBH CSH DN	Dividend Neutral
15SEP22 LBH PHY	Single Stock
15SEP22 LBH CSH	Single Stock
15SEP22 LBH PHY DN	Dividend Neutral
15SEP22 LBH CSH DN	Dividend Neutral
15DEC22 LBH PHY	Single Stock
15DEC22 LBH PHY DN	Dividend Neutral
15DEC22 LBH CSH DN	Dividend Neutral
15DEC22 LBH CSH	Single Stock

TERMINATION OF LISTING:

All contracts with (LBH) as an underlying will be terminated on 23 February 2022 (Ex-date).

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

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