
MARKET NOTICEJohannesburg
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Relates to:

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

Date: 7 May 2021

SUBJECT: TREATMENT OF ALLIED ELECTRONICS CORP A (AEL) CORPORATE ACTION -
SPECIAL DIVIDEND - 12 MAY 2021 (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.

Special Dividend

Allied Electronics Corp A (AEL) has declared a special dividend of **96** cents per share. With regards to this corporate action, the following adjustments will be made to AEL positions on 12 May 2021 (**Ex-date**). The adjustments will be made to the positions held as at close of business on 11 May 2021 (**LDT**).

Please note:

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

These contracts include:

Contract Code	JSE Instrument Type
17JUN21 AEL CSH DN	Dividend Neutral
17JUN21 AEL CSH	Single Stock
17JUN21 AEL PHY DN	Dividend Neutral
16SEP21 AEL CSH DN	Dividend Neutral
16SEP21 AEL CSH	Single Stock
16SEP21 AEL PHY DN	Dividend Neutral
15DEC21 AEL CSH DN	Dividend Neutral
15DEC21 AEL PHY DN	Dividend Neutral
15DEC21 AEL CSH	Single Stock
17MAR22 AEL CSH	Single Stock
17JUN21 AEL PHY	Single Stock
17MAR22 AEL CSH CFD SABOR	CFD
17MAR22 AEL CSH DN	Dividend Neutral
17MAR22 AEL CSH CFD RODI	CFD
17MAR22 AEL 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 **11 May 2021 (LDT)**

Adjusted price = Spot price – **0.96 (Special Dividend)**

Example: If the official closing price of the underlying shares on 11 May 2021 (**LDT**) is 11.50, the following would apply:

$$\begin{aligned} \text{Adjusted price} &= 11.50 - 0.96 \\ &= \mathbf{10.54} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 11.50 / 10.54 \\ &= \mathbf{1.091082} \end{aligned}$$

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

$$\begin{aligned} \text{Options factor} &= 10.54 / 11.50 \\ &= \mathbf{0.916522} \end{aligned}$$

Example: If the old strike is 11.30 the following would apply:

$$\begin{aligned} \text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 11.30 * 0.916522 \\ &= \mathbf{10.35} \end{aligned}$$

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 regarding this notice, please contact clearops@jse.co.za

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