

MARKET NOTICE

Johannesburg
Stock Exchange

Tel: +27 11 520 7000
www.jse.co.za

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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: 26 April 2022

SUBJECT: TREATMENT OF CAPITEC BANK HOLDINGS LIMITED (CPI) CORPORATE ACTION – SPECIAL DIVIDEND AND CASH DIVIDEND 4 MAY 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.

Special and Cash Dividend

Capitec Bank Holdings Ltd (CPI) has declared a special dividend of 1500 cents per share and a cash dividend of 2440 cents per share. With regards to this corporate action, the following adjustments will be made to CPI positions on 4 May 2022 (**Ex-Date**). The adjustments will be made to positions held as at close of business on 3 May 2022 (**LDT**).

Please note:

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

Contract Code	JSE Instrument Type
15JUN22 CPI PHY DN	Dividend Neutral
19MAY22 CPI PHY	Single Stock
19MAY22 CPI CSH	Single Stock
15DEC22 CPI PHY	Single Stock
15DEC22 CPI PHY 1100P	Single Stock
15JUN22 CPI CSH	Single Stock
15JUN22 CPI PHY	Single Stock
15SEP22 CPI PHY DN	Dividend Neutral
21JUL22 CPI CSH	Single Stock
15JUN22 CPI CSH DN	Dividend Neutral
21JUL22 CPI PHY	Single Stock
18AUG22 CPI CSH	Single Stock
18AUG22 CPI PHY	Single Stock
15SEP22 CPI CSH	Single Stock
15SEP22 CPI PHY	Single Stock
15DEC22 CPI PHY 2000P	Single Stock
15DEC22 CPI PHY 800P	Single Stock
15DEC22 CPI PHY 1400P	Single Stock
15DEC22 CPI PHY 2200C	Single Stock
15DEC22 CPI PHY 1600P	Single Stock
15DEC22 CPI PHY DN	Dividend Neutral
20OCT22 CPI CSH	Single Stock
15SEP22 CPI CSH DN	Dividend Neutral
20OCT22 CPI PHY	Single Stock
15DEC22 CPI PHY 1500P	Single Stock
15SEP22 CPI CSH 1100P	Single Stock
17NOV22 CPI CSH	Single Stock
17NOV22 CPI PHY	Single Stock
15DEC22 CPI CSH	Single Stock
19JAN23 CPI CSH	Single Stock
19JAN23 CPI PHY	Single Stock
16MAR23 CPI PHY DN	Dividend Neutral
15DEC22 CPI CSH DN	Dividend Neutral
16FEB23 CPI CSH	Single Stock
16FEB23 CPI PHY	Single Stock
15JUN22 CPI PHY 1880P	Single Stock
16MAR23 CPI CSH	Single Stock
16MAR23 CPI PHY	Single Stock

20APR23 CPI CSH	Single Stock
20APR23 CPI PHY	Single Stock
15JUN22 CPI PHY 2000P	Single Stock
16MAR23 CPI CSH CFD RODI	CFD
16MAR23 CPI CSH CFD SABOR	CFD
15JUN23 CPI PHY DN	Dividend Neutral
16MAR23 CPI CSH DN	Dividend Neutral
18MAY23 CPI CSH	Single Stock
18MAY23 CPI PHY	Single Stock
15JUN22 CPI PHY 2300P	Single Stock
15JUN23 CPI CSH	Single Stock
15JUN23 CPI PHY	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 **3 May 2022 (LDT) – 24.4 (Cash Dividend)**

Adjusted price = Spot price – **15 (Special Dividend)**.

Example: If the official closing price of the underlying shares on 3 May 2022 (**LDT**) is 2143.64, the following would apply:

$$\text{Spot price} = 2143.64 - 24.4 = \mathbf{2119.24}$$

$$\begin{aligned} \text{Adjusted price} &= 2119.24 - 15 \\ &= \mathbf{2104.24} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 2119.24 / 2104.24 \\ &= \mathbf{1.007128} \end{aligned}$$

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

$$\begin{aligned} \text{Options factor} &= 2104.24 / 2119.24 \\ &= \mathbf{0.992922} \end{aligned}$$

E.g., if the old strike is 2143.00 the following would apply:

$$\begin{aligned} \text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 2143.00 * 0.992922 \\ &= \mathbf{2127.83} \end{aligned}$$

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

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