

## MARKET NOTICE

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**Number:** 587/2021

Relates to:

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

Date: 8 December 2021

**SUBJECT:** TREATMENT OF DEVON ENERGY CORP (DVNI) CORPORATE ACTION – SPECIAL DIVIDEND AND CASH DIVIDEND 9 DECEMBER 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 and Cash Dividend

Devon Energy Corp (DVNI) has declared a special dividend of USD 0.73 per share and a cash dividend of USD 0.11 per share. (The special and cash dividend will be converted to ZAR at the prevailing USD/ZAR exchange rate at EOD on LDT). With regards to this corporate action, the following adjustments will be made to Devon Energy Corp (DVNI) positions on 9 December 2021 (**Ex-Date**). The adjustments will be made to the positions held as at close of business on 8 December 2021 (**LDT**).

**Please note:**

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

<b>Contract Code</b>	<b>JSE Instrument Type</b>
13DEC21 DVNI CSH	INTERNATIONAL EQUITY
13DEC21 DVNI CSH DN	International Dividend Neutral
14MAR22 DVNI CSH DN	International Dividend Neutral
14MAR22 DVNI CSH	INTERNATIONAL EQUITY
13JUN22 DVNI CSH	INTERNATIONAL EQUITY
13JUN22 DVNI CSH DN	International Dividend Neutral
19SEP22 DVNI CSH	INTERNATIONAL EQUITY
19SEP22 DVNI CSH DN	International Dividend Neutral
19DEC22 DVNI CSH	INTERNATIONAL EQUITY
19DEC22 DVNI CSH DN	International Dividend Neutral

**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 **8 December 2021 (LDT) – 1.70003 (Cash Dividend Rate Converted to ZAR)**

**Adjusted price** = Spot price – **11.282 (Special Dividend Rate Converted to ZAR)**.

Example: If the official closing price of the underlying shares on 8 December 2021 (**LDT**) is 665.3, the following would apply:

$$\text{Spot price} = 665.3 - 1.70003 = \mathbf{663.60}$$

$$\begin{aligned} \text{Adjusted price} &= 663.60 - 11.282 \\ &= \mathbf{652.318} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 663.60 / 652.318 \\ &= \mathbf{1.017295} \end{aligned}$$

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.

#### **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>