



Market Notice

Number F4437

Date 02 September 2010

Treatment of RXMQ Corporate Action – Reweighting 06 September 2010

Members notice is drawn to section 13 of the JSE Derivatives Directives, Equity Derivatives Contract Specifications (http://www.jse.co.za/ssf/contract_specifications.jsp), which states:

“13. Corporate Events

The Executive Committee reserves the right to adopt any procedure or to adjust any individual equity future or option on an individual equity future (Single Stock futures or options on Single Stock futures), 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, members and any other interested parties, of such event and the procedure or adjustment adopted. Such events include, for example, mergers, take-overs, unbundling's, 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.

Re-Weighting of RXMQ.

Remgro Limited (REM), shareholders will receive 5.85 Trans Hex Group Limited (TSX) shares for every 100 REM shares held. With regard to this corporate action on Remgro Limited (REM), the RXMQ contract will be re-weighted on Monday, 06th September 2010 (**Ex date**) by calculating a new ratio of shares in the RXMQ basket.

- **The current RXMQ contract is made up as follows:**

1 RXMQ future = 100 REM shares + 39.2 BTI shares + 114.66 REI shares.



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Member of the World Federation of Exchanges

Executive Directors: RM Loubser (CEO), JH Burke, FM Evans
NF Newton-King, LV Parsons **Non-Executive Directors:** HJ
Borkum (Chairman), AD Botha, MR Johnston, DM Lawrence, W
Luhabe, A Mazwai, NS Nematswerani, N Payne, G Serobe,
Company Secretary: GC Clarke

- The MTM price of the basket is determined by calculating the fair value of: -

$$(1 * \text{REM share price}) + (0.392 * \text{BTI share price}) + (1.1466 * \text{REI share price}).$$

- **The new RXMQ contract will be made up as follows: -**

$$1 \text{ RXMQ future} = 100 \text{ REM shares} + 39.2 \text{ BTI shares} + 114.66 \text{ REI shares} + 5.85 \text{ TSX shares}.$$

- The MTM price of the new RXMQ basket will be determined by calculating the fair value of: -

$$(1 * \text{REM share price}) + (0.392 * \text{BTI share price}) + (1.1466 * \text{REI share price}) + (0.0585 * \text{TSX share price}).$$

- At expiry date the future will be physically settled according to the following ratio: -

$$1 \text{ RXMQ future} = 100 \text{ REM shares} + 39.2 \text{ BTI shares} + 114.66 \text{ REI shares} + 5.85 \text{ TSX shares}.$$

- The final settlement price of the RXMQ basket at expiry will be determined as follows: -

$$(1 * \text{REM share price}) + (0.392 * \text{BTI share price}) + (1.1466 * \text{REI share price}) + (0.0585 * \text{TSX share price}).$$

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