JOHANNESBURG STOCK EXCHANGE
Equity Derivatives

Market Notice

Number:	**F6319**
Date:	**26 July 2013**

Treatment of Brait SA (BAT) Corporate Action – Scrip Dividend 29th July 2013 (Ex-date)

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.

<u>Scrip Dividend.</u>

Due to the default of additional 0.75489 per 100 shares on the Brait SA (BAT) scrip dividend (if the cash has not been elected), the following adjustments will be made to BATQ positions on Monday, 29th July 2013 **(Ex-date)**. The adjustments will be made to positions held in BATQ as at close of business on Friday, 26th July 2013 **(LDT).**

<u>Please note</u>:

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

1. Futures contracts.

Adjustment to contract size

The contract size will be increased using the "Contract Size Multiplier" (CSM), calculated as follows:

$$CSM = \frac{(m * TOP) + (n * IRV)}{(m * TOP)}$$

Where : m = number of shares held LDT. **(100)**
n = number of additional shares to be received Ex-date. **(0.75489)**
IRV = Implied value of rights.
TOP = theoretical opening price.

Implied Rights Value

$$IRV = TOP - C - X$$

Where : C = Value of any entitlements not included. **(In this case the value is zero)**.
X = Entitlement price of new shares under rights issue. **(276.45 cents)**

Theoretical Opening Price.

$$TOP = ((Spot * m) + (n * X)) / (n + m)$$

Where : Spot = the official closing price of the underlying share on 27th July 2013 **(LDT).**

A contract on the identical share will be listed on the exchange, with a standard contract size as calculated using the "Contract Size Multiplier" (CSM). This contract will be assigned a separate identifying code of **BXAQ**, and will not be fungible with the existing contract that has a contract size of 100 shares per contract.

Positions in the existing contract will be closed out at a value of zero and new positions will be created in the new **BXAQ** contract at a value of zero.

E.g. If you had 10 futures contracts in the existing BATQ contract which has a contract size of 100, the JSE will close out this position at a value of zero and open a new position of 10 futures contracts in the new contract which has a contract size as determined using the "Contract Size Multiplier" (CSM) at a value of zero.

Please note:

- Members will be able to nominate whether positions created in the newly created contract is allocated to their respective clients or into their principal accounts. This will make it easier for members wishing to trade out of the newly created contract and recreate the appropriate positions back into the standard contract.

- Members need to do the above nomination before ex. Date otherwise the newly created positions will be allocated to the respective client accounts by default.

- The newly created contract will only be active for the period of the corporate action i.e. when trading and open interest cease to exist, this contract will be terminated.

2. Option contracts.

Adjustment to strike prices

Options on Single Stock Futures will have adjustments made to the contract size as well as adjustments made to the strike price.

Adjusted strike price = Existing strike price * (1 / CSM)

Where: CSM = Contract Size Multiplier

Positions in the existing contract will be closed out at a value of zero and new positions will be created in the new contract at a value of zero. (See "Adjustment to contract size" above).

Should you have any queries please contact André Koen on (011) 520-7469 or andrek@jse.co.za / safexops@jse.co.za .

Brett Kotze
Designation   Head of Operations – Clearing & Settlement
Division   Post trade services
Tel   +27 11 520 7587
Fax   +27 11 520 8587
E-mail address: brettk@jse.co.za

Distributed by the Company Secretariat +27 11 520 7478