



Market Notice

Number: F6942
Date 31 March 2014

Treatment of Intu Properties Plc Corporate Action – Rights Issue 31st March 2014 (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.

Rights Issue.

With regard to the rights issue on Intu Properties Plc (ITU), the following adjustments will be made to ITUQ positions on Monday, 31st March 2014 (**Ex-date**). The adjustments will be made to positions held in ITUQ as at close of business on Friday, 28th March 2014 (**LDT**).

Please note:

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



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NS Nematswerani, N Nyembezi-Heita, N Payne
Alternate Directors: JH Burke, LV Parsons
Company Secretary: GC Clarke

1. Futures contracts.

Adjustment to contract size

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

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

Where :

m	=	number of shares held LDT. (100)
n	=	number of additional shares to be received Ex-date. (2)
IRV	=	Implied value of rights.
TOP	=	theoretical opening price.

Implied Rights Value

$$\text{IRV} = \text{TOP} - C - X$$

Where :

C	=	Value of any entitlements not included. (In this case the value is zero).
X	=	Entitlement price of new shares under rights issue. (3228 cents)

Theoretical Opening Price.

$$\text{TOP} = ((\text{Spot} * m) + (n * X)) / (n + m)$$

Where : Spot = the official closing price of the underlying share on 28th March 2014 **(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, 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 contract at a value of zero.

E.g. If you had 10 futures contracts in the existing ITUQ 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 (ITXQ) which has a contract size as determined using the “Contract Size Multiplier” (CSM) at a value of zero. The calculation can be seen below

*** Adjustments may not be made if the JSE has determined that there is a negative or zero value in the take up of the rights issue.**

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).

The New Nominal Calculation can be seen below:

m	=	Number of shares held ex-date.
n	=	Number of shares to be received ex-date.
Spot	=	The official closing price of the underlying share on (LDT) .
C	=	Value of any entitlements not included.
X	=	Entitlement price of new shares under rights issue.
TOP	=	Theoretical opening price.
IRV	=	Implied value of rights.

m	=	100
n	=	2.00000
Spot	=	55.00000
C	=	0.00
X	=	32.2800
TOP	=	54.555
IRV	=	22.2745098

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

Input values are highlighted in yellow

$$TOP = ((Spot \cdot m) + (n \cdot X)) / (n + m)$$

$$IRV = TOP - C - X$$

CSM	=	1.008166
OptionFactor	=	0.990099
Old Nominal	=	100
New Nominal	=	100.81659646045700
New Nominal rounded		101

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