
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za

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Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives

DATE 11 May 2015

SUBJECT: UPDATED : TRATMENT OF GLENORE PLC (GLN) CORPORATE ACTION – UNBUNDLING
11 MAY 2015 (EX-DATE)

Name and Surname: Brett Kotze
Designation: Head of Operations – Clearing & Settlement

Members notice is drawn to section 13 of the JSE Derivatives Directives, Equity Derivatives Contract Specifications, 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, unbundling, capitalization issues and rights issues.

The implication of this is that anybody trading in Single Stock futures or options 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.

Unbundling

Glencore's shareholders have voted in favor of the proposed disinvestment of the company's 23.9 percent stake in platinum producer Lonmin PLC through a share distribution to Glencore shareholders. Due to the ratio only being announced after Record date (15 May 2015), the JSE will adjust all positions where Glencore PLC (GLN) is the underlying.

The JSE will use the ratio of 0.0106 Lonmin PLC (LON) shares for every 1 Glencore PLC (GLN) share in below basket being created. Once the ratio has been announced, the JSE will re-adjust the basket created using the final ratio.

With regard to this corporate action the following adjustments will be made to positions on Monday, 11 May 2015 (**Ex-date**). The adjustments will be made to positions as at close of business on Friday, 8 May 2015 (**LDT**)

Futures positions

- The JSE will list a new contract i.e. Glencore PLC (GLN) / Lonmin PLC (LON) basket (GXLQ).
- Positions in GLNQ as held on close of business on 08 May 2015 (**LDT**) 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 GLNQ contract, 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 (GXLQ).

- The new GXLQ future will comprise of a basket of GLN and LON shares in the following ratio: -

$$\underline{1 \text{ New GXLQ future} = 1 \text{ GLN share} + 0.0106 \text{ LON share.}}$$

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

$$\underline{(1 * \text{GLN share price}) + (0.0106 * \text{LON share price}).}$$

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

$$\underline{1 \text{ New GXLQ future} = 100 \text{ GLN shares} + 1.06 \text{ LON shares.}}$$

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

$$\underline{(1 * \text{GLN share price}) + (0.0106 * \text{LON share price}).}$$

Option positions

- The JSE will make the same adjustments to option positions as made to futures positions above.
- Strike prices will remain unaffected.

Should you have any queries please contact Clearops@jse.co.za or +27 11 520-7349

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