
MARKET NOTICEJohannesburg
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Number: 298/2015

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

DATE 12 May 2015

SUBJECT: Treatment of BHP Billiton Plc (BIL) Corporate Action - Unbundling 18 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

BHP Billiton Plc shareholders will receive 1 South32 Limited (S32) share for every 1 BIL shares held.

With regard to this corporate action the following adjustments will be made to positions on Monday, 18 May 2015 (**Ex-date**). The adjustments will be made to positions as at close of business on Friday, 15 May 2015 (**LDT**)

Futures and ECFD positions

- The JSE will list a new basket contract i.e. BIXQ and a new Single Stock Future on South32 S32Q
- Positions in BILQ as held on close of business on 11 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 BILQ 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 (**BIXQ**).

- The new BIXQ future will comprise of a basket of BIL and S32 shares in the following ratio: -

$$\underline{1 \text{ New BIXQ future} = 1 \text{ BIL share} + 1 \text{ S32Q share.}}$$

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

$$\underline{(1 * \text{BIL share price}) + (1 * \text{S32Q share price}).}$$

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

$$\underline{1 \text{ New BIXQ future} = 100 \text{ BIL shares} + 100 \text{ S32Q shares.}}$$

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

$$\underline{(1 * \text{BIL share price}) + (1 * \text{S32Q share price}).}$$

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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