
MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 167/2018

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

DATE 26 April 2018

SUBJECT: TREATMENT OF RESILIENT REIT LIMITED (RES) CORPORATE ACTION - UNBUNDLING 2 MAY 2018 (EX-DATE)

Name and Surname: Ashraf Stemmet

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

Resilient REIT Limited (RES) shareholder will receive 0.4 Fortress Inc Fund Ltd B (FFB) shares for every 1 RES share held. With regard to this corporate action the following adjustments will be made to all contracts with the underlying of RES on Wednesday, 2 May 2018 (**Ex-date**). The adjustments will be made to positions as at close of business on Monday, 30 April 2018 (**LDT**)

Futures Positions

Example: -

RES Positions on LDT : 10 Jun18 RESQ Futures

FFB positions added on Ex-Date: +4 Jun18 FFBQ Futures

Additional positions in the contract will be created at an initial value of zero.

Option Positions

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

IMPORTANT:

As per Notice F708, allocation of additional contracts will be applied as follows:

The entire open interest is multiplied by the appropriate factor. These additional contracts are then allocated across the market in the following manner.

1. Current positions are multiplied by the factor ^(*) at a member level. (See table 1 below)
2. Results of 0.50 and higher are rounded up to 1.
3. Results of 0.49 and lower are rounded down 0.
4. Although current positions are multiplied by the factor ^(*) at a member level, allocation of additional contracts will be done at a client level. (See table 2 below)
5. In the event of an uneven allocation across clients, the client with the higher decimal fraction will receive priority above the client with the lower decimal fraction.
6. In the event of the client's decimal fractions being the same and the number of clients exceeds the number of contracts to be allocated; the additional contracts will be added at a member level for the member to distribute.

^(*) FACTOR = 1.04537205082

TABLE 1

MEMBER	CURRENT POSITION	NEW POSITION	POSITION ROUNDED	ADDITIONAL CONTRACTS
ABC	298	311.52087	312	14

In above example, current positions were multiplied by the factor ^(*) at a member level, thus clients of member ABC received a total of 14 additional contracts.

The 14 additional contracts will be allocated as follows: (See table 2 below)

8 to client SSF03

5 to client SSF05

1 to client SSF04 (highest decimal fraction)

(*) FACTOR = 1.04537205082

TABLE 2

MEMBER	CLIENT	CURRENT POSITION	NEW POSITION	POSITION ROUNDED	ADDITIONAL CONTRACTS
ABC	SSF01	5	5.2268603	5	0
ABC	SSF02	6	6.2722323	6	0
ABC	SSF03	178	186.0762250	186	8
ABC	SSF04	9	9.4083485	9+1	1
ABC	SSF05	100	104.537205	105	5
		<u>298</u>		<u>312</u>	<u>14</u>

The market is advised that these changes are designed to improve market efficiency and make the allocations of corporate action adjustments more equitable.

Should you have any queries regarding this notice, please contact clearops@jse.co.za

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>