
MARKET NOTICE

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Stock Exchange

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Number: 202/2018
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
DATE 31 May 2018

SUBJECT: TREATMENT OF DISTELL GROUP LTD (DST) CORPORATE ACTION - CONVERSION AND SCHEME OF ARRANGEMENT 1 JUNE 2018 (EX-DATE)

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Designation: Head - Derivatives Operations

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, capitalization 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.

SCHEME OF ARRANGEMENT

Distell Group Ltd (DST) shareholders will receive 1 share in **Distell Group Hldgs Ltd (DGH)** for every 1 DST share held. The DST shares will then be suspended and terminated on the JSE. As a consequence of this corporate action, the following adjustments will be made to the DSTQ positions on Friday, 1 June 2018 (**Ex-Date**). Adjustments will be made to positions held in DSTQ at close of business on Thursday, 31 May 2018 (**LDT**).

Futures positions in the DSTQ contract will be converted into DGHQ contracts in the following ratio:

RATIO: 1 DSTQ FUTURE = 1 DGHQ FUTURES

Example: **Position on LDT:** + 10 21Jun18 DSTQ Futures
 Position on Ex Date: + 10 21Jun18 DGHQ Futures

I.e. Current positions*Ratio (rounded to nearest whole contract) = the number of total contracts that will be created in DGHQ.

Positions in DSTQ will be closed out and additional contracts in DGHQ will be created at an initial value of zero.

TERMINATION OF LISTING

Once the necessary adjustments have been made, all contracts with DST as an underlying will immediately be terminated.

IMPORTANT NOTICE

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.

Please note the below examples are for illustration purposes only, and are not the actual figures used in the above mentioned corporate action.

(*) 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>