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

DATE 5 October 2018

SUBJECT: TREATMENT OF OLD MUTUAL LIMITED (OMU) CORPORATE ACTION - UNBUNDLING 10 OCTOBER 2018 (EX-DATE)

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Designation: Head - Derivatives Operations, Post Trade Services

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

Old Mutual Limited (OMU) shareholders will receive 3.21176 **Nedbank Group Ltd (NXD)** share for every 100 **Old Mutual Limited (OMU)** shares held.

With regard to this corporate action the following adjustments will be made to all contracts with the underlying of OMU on Wednesday, 10 October 2018 (**Ex-Date**). The adjustments will be made to positions as at close of business on Tuesday, 9 October 2018 (**LDT**).

The JSE will be creating baskets with the below constituents effective as per the table below. The baskets will be available for trading from 10 October 2018:

	OMUQ -> NOMQ	OMUF -> NOMF	OMUS -> NOMS
Constituents effective 10 October 2018	<ul style="list-style-type: none"> Old Mutual Limited (OMU) Nedbank Group Limited (NXD) 	<ul style="list-style-type: none"> Old Mutual Limited (OMU) Nedbank Group Limited (NXD) 	<ul style="list-style-type: none"> Old Mutual Limited (OMU) Nedbank Group Limited (NXD)

1. Futures Positions

- The JSE will list new contracts i.e. Old Mutual Limited (OMU) / Nedbank Group Limited (NXD) baskets (NOMQ, NOMF and NOMS).
- Positions in OMUQ, OMF and OMUS as held on close of business on Tuesday, 9 October 2018 (**LDT**) will be closed out at a value of zero and new positions will be created in the new basket contracts at a value of zero.

E.g. If you had 10 futures contracts in the OMUQ 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 (NOMQ).

- The new NOMQ future will comprise of a basket of OMU and NXD shares in the following ratio:

$$\underline{1 \text{ New NOMQ Future} = (1 \text{ OMU Contract} + 0.0321176 \text{ NXD contracts}) \times \text{Nominal (100)}}$$

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

$$\underline{\text{A notional basket containing 1 OMU contract} + 0.0321176 \text{ NXD contract.}}$$

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

$$\underline{1 \text{ New NOMQ Future} = (100 \text{ OMU shares} + 3.21176 \text{ NED shares})}$$

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

$$\underline{(1 * \text{OMU share price}) + (0.0321176 * \text{NXD share price}).}$$

2. Option Positions

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

3. ECFD Contracts

- For every 1 Old Mutual Limited (OMU) (OMUC) you will receive 1 Old Mutual Limited (OMUC) ECFD.
- For every 1 Old Mutual Limited (OMU) (OMUC) you will receive 0.0321176 Nedbank Group Limited (NXDC) ECFD.

4. Single Stock Baskets containing OMU (OMAQ/OMAS):

An adjustment will be made to the OMA basket in line with the prevailing FTSE/JSE index treatment for unbundlings of instruments that are already listed. This treatment models the reinvestment of the distribution across the basket by applying an opening price adjustment to OMU, and adjusting the basket divisor accordingly to maintain a continuous basket level. In effect, a capital repayment will be applied to Old Mutual Ltd to reflect the value of the distribution.

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

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