



## Market Notice

**Number: F4785**

**Date: 08 June 2011**

### **Treatment of Massmart Holdings Limited (MSM) Corporate Action – Scheme of arrangement 10 June 2011 (Ex. date)**

Members notice is drawn to section 13 of the JSE Derivatives Directives, the contract specifications of Individual Equity Futures and options, which states:

#### **“13. Corporate Events**

The Executive Committee reserves the right to adopt any procedure or to adjust any individual equity future or option on an individual equity future (Single Stock futures or options on Single Stock futures), 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, members and any other interested parties, of such event and the procedure or adjustment adopted. Such events include, for example, mergers, take-overs, unbundlings, capitalisation 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.**

Massmart Holdings Limited will acquire 51 MSM ordinary shares for every 100 MSM ordinary shares held in return for a consideration of R148.00 per MSM ordinary share acquired. With regard to this corporate action, the following adjustments will be made to positions held in MSMQ on Friday the 10<sup>th</sup> June 2011 (**Ex date**). The adjustments will be made to the positions held in MSMQ as at close of business on Thursday 09<sup>th</sup> June 2011 (**LDT**).

#### **Futures contracts.**



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**Executive Directors:** RM Loubser (CEO), NF Newton-King,  
F Evans (CFO) **Non-Executive Directors:** HJ Borkum  
(Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence,  
A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne  
**Alternate Directors:** JH Burke, LV Parsons

The futures position will be amended by the following factor:

Calculation of factor:

Spot price / ISP

Where:

ISP = Implied share price of MSM on Friday the 10<sup>th</sup> June 2011 (Ex. date)

ISP = (Spot price – CV) / (1 – ratio)

Where:

Spot price = Official closing spot price of MSM on Thursday 09<sup>th</sup> June 2011 (LDT)

CV = offer price\*Ratio

Ratio = Acquisition ratio

**E.g.** If the Spot price on Thursday 09<sup>th</sup> June 2011 (LDT) is R143.81, the following would apply: -

$$\begin{aligned} \text{ISP} &= (143.81 - 75.48) / (1 - 0.51) \\ &= 68.33 / 0.49 \\ &= 139.45 \end{aligned}$$

$$\begin{aligned} \text{Factor} &= \text{Spot price} / \text{ISP} \\ &= 143.81 / 139.45 \\ &= 1.03126568662 \end{aligned}$$

**I.e.** Current positions\*Factor (rounded to nearest whole contract) = the number of total contracts.

**Option contracts.**

(a) The option positions will be amended by the same factor as above.

(b) The strike price will be adjusted as follows:

Adjusted strike = current strike \* (1 / factor)

**E.g.** If the current strike price is 114.98 and the factor = 1.03126568662 (See "Calculation of factor" above), the following would apply: -

$$114.98 * (1 / 1.03126568662)$$

New strike price = 111.49

Existing positions will be closed out at a 0 value and new positions opened at the new strike with a 0 value.

Should you have any queries please contact Imraan Hendrix on (011) 520-7349.

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