



## Market Notice

**Number:** F5055

**Date:** 22 November 2011

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### **Treatment of Steinhoff International Holdings Limited (SHFQ) Corporate Action - 28 November 2011 (Ex. Date).**

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, 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.

#### **Scrip Dividend from the share premium account.**

Steinhoff International Holdings Limited (SHF) has declared a scrip dividend of 65 cents per share or shareholders could elect to receive 3.42 SHF shares for every 100 SHF shares held on LDT.

#### **Cash Election**

If it is more beneficial for shareholders to receive the cash amount, adjustments will be made as follows:

#### **1. Futures contracts.**

The futures position will be increased by the following factor:



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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

Calculation of futures factor:

**Spot price / adjusted price**

Where:

**Spot price** = the official closing price of the underlying share on Friday, 25<sup>th</sup> November 2011 (LDT).

**Adjusted price** = Spot price – 0.65 (scrip dividend).

E.g. if the official closing price of the underlying share on Friday, 25<sup>th</sup> November 2011 (LDT) is 22.50 the following would apply:-

Spot price = 22.50

Adjusted price = 22.50 – 0.65  
= 21.85

Futures factor = 22.50 / 21.85  
= 1.02974828375

**I.e.** Current positions\*Factor (rounded to nearest whole contract) = the number of total contracts. Additional contracts will be created at an initial value of zero.

**NB: -**

- Please refer to Notice F708 for clarity regarding the allocation of additional contracts.
- In the event of an uneven allocation across all position holders, the position holder with the higher decimal fraction will receive priority above the position holder with the lower decimal fraction.

## **2. Option contracts.**

- a. The options position will be increased by the same factor as the futures above.
- b. The option strikes will be adjusted by the following factor:

Calculation of options factor (based on the example above):

**Adjusted price / spot price**

Options factor = 21.85 / 22.50  
= 0.971111111111

E.g. if the old strike is 22.50 the following would apply:-

$$\begin{aligned}\text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 22.50 * \underline{0.971111111111} \\ &= \underline{21.85}\end{aligned}$$

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

**NB: -**

- Please refer to Notice F708 for clarity regarding the allocation of additional contracts.
- In the event of an uneven allocation across all position holders, the position holder with the higher decimal fraction will receive priority above the position holder with the lower decimal fraction.

**Share/Scrip election**

If it is more beneficial for shareholders to elect to receive the SHF shares, a contract on the identical share will be listed on the exchange, with a contract size of 103 (3.42 shares rounded to 3 shares for every 100). This contract will be assigned a separate identifying code, and will not be fungible with the existing contract that has a contract size of 100 shares per contract.

Adjustments will be made to the contract size options on the Single Stock Futures as described above.

Adjustments will be made to strike prices as follows:

$$\text{New strike} = \text{Old strike} * \text{Ratio}$$

$$\begin{aligned}\text{Where ratio} &= 100 / 103 \\ &= 0.9708737864\end{aligned}$$

Positions in the existing contract 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 existing SHFQ contract which has a contract size of 100, 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 which has a contract size of 103, at a value of zero.

The newly created contract will only be active for the period of the corporate action i.e. when trading and open interest cease to exist, this contract will be terminated.

**Please note:**

The VWAP (volume weighted average price) of the underlying SHF share on Monday, 28<sup>th</sup> November 2011 (Ex date) will be used to determine which of the two scenarios above has the greater value.

In both scenarios above, the adjustments will be effective from the commencement of trading on Monday, 28<sup>th</sup> November 2011 (Ex date). However, the Exchange will calculate the extent of any adjustments after the close of trading on Monday, 28<sup>th</sup> November 2011 (Ex date), based on the positions held as at close of business on Friday, 25<sup>th</sup> November 2011 (LDT) and adjustments will reflect on close of business on Tuesday 29<sup>th</sup> November 2011.

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

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