
MARKET NOTICEJohannesburg
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 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
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SUBJECT: TREATMENT OF OLD MUTUAL LIMITED (OMU) CORPORATE ACTION - SPECIAL DIVIDEND AND CASH DIVIDEND - 19 SEPTEMBER 2018 (EX-DATE)

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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, unbundling, 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.

Special Dividend and Cash Dividend going ex on the same day

Old Mutual Limited (OMU) has declared a special dividend of **100 cents** per share and a cash dividend of **45 cents** per share. With regard to this corporate action, the following adjustments will be made to OMU positions on 19 September 2018 (**Ex-date**). The adjustments will be made to the positions held as at close of business on 18 September (**LDT**).

Please note:

Adjustments will be made to all contracts where OMU is the underlying share. These contracts include:

OMUC
 OMUF
 OMUQ
 OMUS

1. Futures contracts

The futures position will be increased by the following factor:

Calculation of factor:

(Spot price – Cash Dividend) / Adjusted price

Where:

Spot price = the official closing price of the underlying share on **18 September 2018 (LDT)**

Cash Dividend = 0.45

Adjusted price = Spot price – 0.45 (Cash Dividend) – 1.00 (Special Dividend)

Example: If the official closing price of the underlying shares on 18 September 2018 **(LDT)** is 29.10, the following applies:

Spot Price – Cash Dividend = **28.65**

Adjusted price = 29.10 – 0.45 - 1.00 = **27.65**

Futures factor = 28.65 / 27.65

= 1.03616636528029

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.

IMPORTANT

- 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 – Cash Dividend)

$$\begin{aligned} \text{Options factor} &= 27.65 / 28.65 \\ &= 0.96509598604 \end{aligned}$$

Example: If the old strike is **29.17** the following would apply:

$$\begin{aligned} \text{New strike} &= \text{Old strike} * \text{options factor} \\ &= 29.17 * 0.96509598604 \\ &= \mathbf{28.15} \end{aligned}$$

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

IMPORTANT

- 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.

Single Stock Baskets containing OMU (OMLQ/OMLS):

An Adjustment will be made to the OMU basket in line with the prevailing FTSE/JSE index treatment for special dividends. 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.

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>