

MARKET NOTICE

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Stock Exchange

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Number: 289/2019
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 20 September 2019

SUBJECT: TREATMENT OF HARGREAVES LANSDOWN PLC (HLII) CORPORATE ACTION SPECIAL DIVIDEND AND CASH DIVIDEND – 26 SEPTEMBER 2019 (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, 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.

Special Dividend and Cash Dividend going ex on the same day

Hargreaves Lansdown PLC (HLII) has declared a special dividend of GBP 8.3 per share (The special dividend will be converted to ZAR at the prevailing GBP/ZAR exchange rate at EOD on LDT) and a cash dividend of GBP 23.4 per share (The cash dividend will be converted to ZAR at the prevailing GBP/ZAR exchange rate at EOD on LDT). With regard to this corporate action, the following adjustments will be made to Hargreaves Lansdown PLC (HLII) positions on 26 September 2019 (**Ex-Date**). The adjustments will be made to the positions held as at close of business on 25 September 2019 (**LDT**).

Please note:

Adjustments will be made to all contracts where HLII is the underlying.

These contracts include:

13DEC19 HLII CSH DN	International Dividend Neutral
16MAR20 HLII CSH	INTERNATIONAL EQUITY
13DEC19 HLII CSH	INTERNATIONAL EQUITY
16MAR20 HLII CSH DN	International Dividend Neutral
12JUN20 HLII CSH	INTERNATIONAL EQUITY
14SEP20 HLII CSH	INTERNATIONAL EQUITY
12JUN20 HLII CSH DN	International Dividend Neutral

FUTURES CONTRACTS

The futures position will be increased by the following factor:

Calculation of factor:

Spot price / adjusted price

Where:

Spot price = the official closing price of the underlying share on **25 September 2019 (LDT) – 23.4 (Cash Dividend)**

Adjusted price = Spot price – 1.513804 (Special Dividend rate Converted to ZAR).

Example: If the official closing price of the underlying shares on 25 September 2019 (**LDT**) is 367.87, the following would apply:

$$\text{Spot price} = 367.87 - 0.234 = \mathbf{367.63}$$

$$\begin{aligned} \text{Adjusted price} &= 367.63 - 1.513804 \\ &= \mathbf{366.12} \end{aligned}$$

$$\begin{aligned} \text{Futures factor} &= 367.63 / 366.12 \\ &= \mathbf{1.00412433082} \end{aligned}$$

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.

TREATMENT FOR ALLOCATION ON ADDITIONAL CONTRACTS

With the implementation of ITaC, the JSE has enhanced the position adjustment process.

Please see link below to the Guidance Note issued on treatment of corporate actions as distributed in October 2018 and specifically refer to Section 8 for details of the position adjustment process:

<https://www.jse.co.za/content/Guidance%20Notes/ITaC%20Guidance%20Note%20on%20Corporate%20Actions.pdf>

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>