



Equity Derivatives: 2nd of August 2007

Share Instalment Roll

On the 12th September Standard Bank will have the first automatic roll of a series of its Share Instalments and Turbo Share Instalments. The following documents the procedures that will be followed over this process.

1. On the 5th of September (1-week prior to the roll) Standard Bank will issue the new series of Instalments to replace those that are set to expire on the 12th of September.
2. If by the 12th you have not exercised the expiring Instalments or sold out your position, you will be automatically reinvested into the new series of Share Instalments.

The Number of new Instalments that holders of the expiring series will receive will be set by the following formula:

Number of new Instalments =
(Cash settlement amount / Calculated Price of new Instalment)*Number of old Instalments

Where **cash settlement amount** = (the closing price of the underlying share on expiry date – the exercise price of the expiring Instalment)

Where **calculated price of new Instalment** = closing price of the new Instalment on the expiry date of the old Instalment as per the matrix offer price based off the closing price of the underlying share. **This may differ from the closing price of the Instalment on the JSE as this level is set before the official close of the market at 5.00 p.m.**

Please note:

1. Any fractions will be rounded down and the cash amount paid into your trading account.
2. The new Instalments will take around 5 business days from the expiration date of the old series to be delivered into your trading account.

Let's Look at an Example using the FSRSTA

The FSRSTA is a Turbo Share Instalment with a strike price of R12.75 and an expiry date of the 12th of September.

1. On the 5th of September we will issue the FSRSTB to replace the FSRSTA; if we assume that FirstRand is trading around R23 at that time the details of the FSRSTB would look something like this (remember that the exact details will only be set closer to the time): Expiry 12th September 2008 with a strike price of R17.25.
2. Assume that on the 12th of September you are the holder of 1,000 FSRSTA and you have not exercised or sold out your position. You will be automatically reinvested into the FSRSTB Instalments. Assume FSR closes at R23 on the 12th of September

Number of new Instalments (FSRSTB) =
(Cash settlement amount / calculated price of new Instalment)*Number of FSRSTA Held
Cash settlement amount = (R23 (closing price FSR) – R12.75 (strike price of FSRSTA))
= R10.25
Calculated price of new Instalment = R9.00

Number of new Instalments = (10.25 / 9.00)*1000 (being the FSRSTA's held)
= 1.139*1,000 = **1,139 FSRSTB's**

Note: That the number of Share Instalments that you will be holding post the roll will have increased as the cash settlement amount of the expiring FSRSTA is above the closing price of the FSRSTB.

If this was not the case, (assume that the cash settlement amount of the FSRSTA was below the closing price of the FSRSTB) then the ratio would be below one and you would receive fewer FSRSTB's than the previously held FSRSTA.

Need more information? Call us on 0800 111 780 or email derivatives@standardbank.co.za.
[Share Instalment Brochure](#)

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