



## **NOTICE 11/20**

**Date:** 22 May 2020

**Subject:** **Guidelines for the treatment of Dividends on Derivative Contracts**

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The European Corporate Actions Committee (ECAC) has defined guidelines for the treatment of corporate actions on derivative contracts when the payment of dividends are postponed or cancelled due to the COVID-19 crisis. The Member Exchanges of ECAC are: Borsa Italiana, Eurex Deutschland, Euronext, ICE Futures Europe, MEFF (BME Group) and Nasdaq Stockholm.

Given the current market conditions, clarity is crucial with regards to whether derivative contracts will be adjusted for the payment of dividends that are postponed or cancelled due to the COVID-19 crisis.

MEFF is pleased to inform Market Participants that the European Corporate Actions Committee (ECAC) has defined guidelines to assist in determining whether the announcement of dividends will result in an adjustment on derivative contracts in the current circumstances:

- Should the issuer provide a clear reference in its published material that the dividends to be distributed are those in relation to the appropriation of profit for 2019, or in lieu of 2019: these dividends will be considered ordinary, irrespective of whether the issuer designates these dividends as extraordinary.
- Should the issuer not provide a clear reference to the appropriation of profit for 2019 in the published material and designates a dividend as extraordinary; these instances will be reviewed on a case-by-case basis by ECAC Members.
- Should the issuer provide a clear reference that the dividend is additional with respect to dividends deriving from the distribution of the normal profits for the year or with respect to the current dividend policy: this dividend will be considered as special.

The guidelines set out herein are provided for informational purposes only and are intended to harmonise adjustment decisions between the Member Exchanges of ECAC where possible. The guidelines shall not supersede the rules as set out in each individual Member Exchange's Corporate Action Policy, which shall be final in determining the treatment of dividends declared by Issuers.

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