

**NOTICE 05/21**

Date: 2 February 2021

Subject: Guidelines for the treatment of Dividends on Derivative Contracts

Further to MEFF Notice 11/20, the European Corporate Actions Committee ("ECAC") has defined guidelines for the treatment of Corporate Actions on derivative contracts when dividend payments are postponed or cancelled due to the continuing COVID-19 pandemic. The Member Exchanges of ECAC are: Borsa Italiana, Eurex Deutschland, Euronext, ICE Futures Europe, MEFF (BME Group) and Nasdaq Stockholm.

Given the existing market conditions and uncertainty surrounding dividend payments, 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 ongoing COVID-19 pandemic.

MEFF is pleased to inform market participants that ECAC has reconvened and further enhanced the existing guidelines as detailed in MEFF Notice 11/20 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 and/or 2020, or in lieu of 2019 and/or 2020: 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 and/or 2020 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.

Given the current market conditions, it is envisaged that the need for these updated guidelines is temporary. ECAC Member Exchanges shall inform their respective market participants, no later than the end of 2021, should the aforementioned guidelines be subject to further review.

The guidelines set out herein are provided for information purposes only and do not create or change the rights or obligations an exchange participant or counterparty may have under the terms of a contract or under applicable law. The Contract General Conditions alone shall be binding and decisive for the treatment of any dividend for a certain contract.

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