

**MARKET NOTICE**

 Johannesburg  
 Stock Exchange

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**Number:** 399/2020  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 20 August 2020  
  
**SUBJECT:** LONG SHORT BASKET FUTURE (YSR7)  
  
**Name and Surname:** Valdene Reddy  
**Designation:** Director - Capital Markets

The following **Long Short Basket Future** has been listed with immediate effect and is available for trading. These contract specifications set out the standardised terms and conditions of this listed security which is binding, on and applicable to all market participants that conclude transactions in these securities. Insofar as any contractual provision set out below is inconsistent with the rules and regulations (“Rules”) of the JSE Limited (“JSE”), the Rules will prevail.

**Summary Contract Specifications:**

GENERAL TERMS	
<b>Description</b>	Long Short Basket Future
<b>Basket Mandate</b>	Long Naspers, Long Prosus and Short Tencent
<b>DIN Code</b>	BSK096 Exotic Future Cash Base 10 YSR7
<b>Basket Constituents</b>	As per <b>Annexure A</b>
<b>Underlying’s Currency</b>	ZAR
<b>Underlying Exchange</b>	As per <b>Annexure A</b>
<b>Contract Size</b>	10
<b>Quotations</b>	Four decimal places
<b>Final Valuation Date</b>	17 December 2020 (Further expiration dates may be added upon request)
<b>Minimum Price Movement</b>	ZAR 0.01
<b>Settlement Type</b>	Cash

Maintenance	
Frequency of Rebalancing	N/A <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annually <input type="checkbox"/> Annually <input type="checkbox"/>
EXPIRATION AND VALUATION PROCEDURE	
Valuation Time	10:00am SAST.
Valuation Date	17 December 2020
Spot Reference Price	For Share 1, Share 2 and Share 3: The final valuation for the underlying instruments will refer to an average of 15 iterations referencing trades in the underlying instruments, taken every 1 minute for a period of 15 minutes ending 10:00 SAST Note: At the Valuation Date and Valuation Time given above, all Underlying Instruments that are closed for trading on their Underlying Listed Exchange will be valued at the latest closing price in the Underlying Listed Exchange.
Expiration Currency Reference (FX)	Arithmetic average of 15 iterations of the Underlying Currency spot price taken every 1 minute for a period of 15 minutes on the <b>Final Valuation Date</b> , commencing 09:45am ending at 10:00am SAST
SETTLEMENT TERMS	
Cash Settlement	Applicable
Settlement Currency	South African Rand (ZAR)
Cash Settlement Amount	The amount determined on the Valuation Date at the Valuation Time, in accordance with the following formula: <b>MtM Value = (W1 *FP1) + (W2*FP2) – (W3*FP3)</b> where: W1 = Weight for Share 1 W2 = Weight for Share 2 W3 = Weight for Share 3 FP1 Final = Future Price of Share 1 on Final Valuation Date in (ZAR). FP2 Final = Future Price of Share 2 on Final Valuation Date in (ZAR). FP3 Final = Future Price of Share 3 on Final Valuation Date that is, = [700 HK / USDHKD ] * USDZAR (essentially HKD price of 700 HK converted to USD and then to Payoff Currency (ZAR))  <b>MtM Value = Basket A – Basket B</b>  <b>Basket A = (W1 *FP1) + (W2*FP2)</b> <b>Basket B = (W3*FP3)</b>  Note: This contract can have a NEGATIVE value
Business Days	Johannesburg and New York
Business Day Convention	Following (Cash flows that fall on a non-business day are assumed to be distributed on the following business day)

Cost Implications	
<b>JSE Trading Fees</b>	See Equity Derivative Booking Fee Schedule: <a href="https://www.jse.co.za/content/JSEpricingItems/MPL/JSE%20Price%20List%202020%20-%20Issuers%20Services%20and%20Trading.pdf">https://www.jse.co.za/content/JSEpricingItems/MPL/JSE%20Price%20List%202020%20-%20Issuers%20Services%20and%20Trading.pdf</a>
<b>Foreign Designation</b>	Yes <input type="checkbox"/> / No <input type="checkbox"/>
<b>The above instrument has been designated as “Foreign” by the South African Reserve Bank</b>	

#### Further Contract Specifications (including Procedures, Requirements and Conditions of Rebalancing)

1. To qualify for listing and for continued listing of these securities, the basket exposure must, at all times, maintain the indicated basket mandate which will align with the JSE listed indices, or if not available, with any other publicly available index mandate.
2. Any market participant that has open positions in these securities may request a rebalancing of the indicated basket subject to the JSE’s rules and in accordance with the provisions of these contract specifications.
3. Any request by a market participant for the rebalancing of a basket during the term of the contract is subject to the unanimous consent of all other market participants that have open positions in these securities. Once all the requirements for rebalancing have been met, the JSE will publish a market notice recording the revised basket which must be read with and will form part of these contract specifications.
4. Basket rebalancing may only take place at the indicated frequency, due to corporate action and/or due to JSE Index Rebalancing.
5. After each rebalancing cycle, a basket must always maintain at least 60% composition of its initial constituents as per the JSE listed indices constituents (quarterly reviewed), or if not available at the JSE, with any other publicly available index mandate.
6. Failure to meet one or all of the above conditions may result in the JSE instructing market participants to close-out all positions in these securities, the suspension of trading in these securities, the removal of these securities from the JSE’s list and/or the JSE taking any other action in accordance with its regulatory duties and responsibilities.

Instruments are loaded into the MIT system as simple futures. The value displayed is the fair market value of the instrument with its correct valuation (in the case of an option, the instrument valuation is the option premium).

Should you have any queries regarding instruments, please contact the EDM Team on **011 520-7198** or [EDM@jse.co.za](mailto:EDM@jse.co.za)

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>

## Annexure A

### Initial: levels of Basket

Share No:	Share Name	Bloomberg Code	Underlying Exchange	Currency	Spot	Weight (W)	Basket Spot in ZAR	Future Price in ZAR
<b>Basket A</b>								
1	Naspers	NPN SJ Equity	JSE Ltd.	ZAR	2939.30	1	2939.30	2970.30
2	Prosus	PRX SJ Equity	JSE Ltd.	ZAR	1585.41	1	1585.41	1602.81
<b>Basket B</b>								
3	Tencent	700HK	HSE Ltd.	HKD	507.50	4.2	4740.04	4793.08
							<b>-217.5312</b>	<b>- 219.9664</b>