
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 025/2021

Relates to:

- Equity Market
- Equity Derivatives Market
- Commodity Derivatives Market
- Currency Derivatives Market
- Interest Rate Derivatives Market
- Bond Market
- Bond ETP Market

Date: 21 January 2022**SUBJECT:** CHANGES TO THE RANDOM ALLOCATION ALGORITHM FOR PHYSICAL DELIVERIES
IN COMPLETION OF A GRAINS FUTURES CONTRACT**Name and Surname:** Chris Sturgess**Designation:** Acting Head - Commodities

Dear Client,

Reference is made to Market Notice 547/2021, dated 23 November 2021, in which the market was informed that the changes to the random allocation algorithm for physical deliveries will form part of the Deliverable Diesel futures contract system deployment on 24 January 2022.

The JSE will take a phased approach in implementing the changes to the random allocation algorithm. In the first phase, we will be going live with the change relating to the probability of random allocation based on a client's long positions as a percentage of total open interest in the delivery month.

The **current** random allocation process follows two criteria:

1. Long position holders having future positions that are equal to or greater than the tonnages of the silo receipt being delivered, have **an equal chance of being randomly allocated** per individual silo receipt.
2. If no position exists that is equal to or greater than the silo receipt tendered, the silo receipt will be split into the standardized contract size and allocated randomly on an individual basis.

From the criteria above, the random allocation algorithm does not consider the percentage of open interest a client holds when allocating silo receipts. With the change, the algorithm will now consider the clients' long positions as a percentage of total open interest in the delivery month, instead of being equally weighted.

We will continue to make use of the random selector; however, the probability of random allocation will be adjusted based on the size of the open interest.

The second change, random allocation exclusions to client accounts of the same legal entity will be implemented at a later stage. We are working closely with our system vendor to ensure a seamless deployment of this change; the go live date will be communicated in due course.

Should you have any queries regarding this Market Notice please e-mail commodities@jse.co.za

This Market Notice is available on the JSE website at <https://clientportal.jse.co.za/communication/jse-market-notices>