
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 044/2021

Relates to:

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

Date: 16 February 2021**SUBJECT:** CHANGES TO RULE A2 AS COMMUNICATED IN MARKET NOTICE 629/2020 REVISITED**Name and Surname:** Raphael Karuaihe**Designation:** Head - Commodities

Dear Stakeholder,

The JSE has received further detailed submissions and have carefully considered these submissions as well as all the other facts and information at its disposal and has decided to propose further amendments and additions to the storage operator requirements (A2) as set out in [Market Notice 629/2020](#). Agbiz Grain supports the proposed amendments, which are aimed at providing further certainty about the delivery of commodities covered by JSE silo receipts around the main hedging months.

The storage operators' obligations to all holders of JSE silo receipts will be as follows:

- JSE approved Storage Operators are obliged to out load at the tempo that the current infrastructure of each approved location allows.
- The booking slots for out loading will be treated on a first come first serve basis. The JSE will continue to have the right to investigate and ensure that the booking process of each approved storage operator is fair and that it complies with the JSE's requirements.
- Storage Operators are obliged to make 25 percent of their booking slots available during a dedicated window period for each major delivery month for holders of JSE silo receipts.
- 25 percent is currently representative of what the JSE processes in terms of physical deliveries as a percentage of the total grain crop in South Africa. JSE receipt holders will have 10 days in which to secure their booking slots before the reserved slots are opened up again to all stakeholders.

The JSE is of the view that the proposed amendments will provide owners of commodities covered by JSE silo receipts more certainty about the out loading of their commodities in a manner that is practical, fair and reasonable.

From a practical perspective, it is envisaged that the proposed amendments will result in the following process implemented by all approved storage operators:

1. During JSE hedging months of March, May, July, September and December storage operators will make available 25% of their booking slots for initial access by JSE silo receipt holders.
2. From the 15 to 25 of the main hedging month, the storage operator will accept instructions from JSE receipt holders who have issued out loading instructions to out load product that will form part of the 25% allocation of slots for the month following the hedging month.
3. To be clear, the 25% allocation is across all JSE traded products and not specific to a single product and is based on out loading capabilities at each site.
4. Storage operators must within 72 hours acknowledge and respond to out-loading instructions received from holders of JSE silo receipts. This response must contain the proposed booking slots.
5. From 25 of the month until the 25 of the following month, JSE receipt holders are assured out loading of a minimum 25% of booking slots based on a first come first serve principle. It remains the Storage Operators prerogative when the 25% slots will be available during the period, this may be divided weekly or grouped into a specific window within the month as this will depend on how booking slots were already previously secured. The important point to appreciate is that 25% of booking slots will be reserved and allocated in the most practical way possible to JSE silo receipt holders who have provided out loading instructions.
6. Should there be booking slots available sooner than the 25, the storage operator undertakes to provide these as per the normal booking procedures.
7. Initially a single JSE receipt holder under this new process may only book a maximum of 30 trucks for the month however may be placed onto a waiting list and provided no other JSE receipt holders request out loading for that period they may then secure the remainder of the booking slots. This is to allow other JSE receipt holders access to the storage site.
8. If JSE receipt holders have not taken up the full 25% booking slots by close of business on the 25 of the main hedging month, these slots will be made available to all stakeholders with the storage operator to utilize
9. The 75% of booking slots remain available to all stakeholders to secure out loading in the manner as they have done before. It is important to acknowledge the JSE approved storage operators have committed to out load product as per their infrastructure allows for.
10. For all other JSE trading months, referred to as the constant month contracts, booking slots will be facilitated by storage operators on a first come first serve basis across all forms of title, either on folio, storage operator receipts or JSE receipts.

The JSE is of the view that these amendments to the detailed agricultural contract specifications will provide JSE receipt holders who especially decide to take delivery during the main hedging months more certainty about their access to the commodities stored at a registered storage facility.

The JSE is aware of and has carefully considered the request by certain market participants that a certain number of days must exclusively be reserved for deliveries of commodities covered by JSE silo receipts. The facts and information at the disposal of the JSE however indicate that this proposal would have been extremely difficult, if not entirely impossible to implement especially seen in light of the practical difficulties in managing different out loading capabilities at each of the sites and then also managing existing booking slots.

To further illustrate the process please see an example below.

Storage Site - has ability to out load 700 t/day (i.e. over 20-day working period this is 14000 tons x25% = 3500 tons)

Date	Client	Outloading Instruction: JSE Receipts	Allocated Slots	Allocated Slots Date	Comments
	A	1500			
	B	3000			
	C	100			
	D	300			
15-Mar	C	0	100	26-Mar	
17-Mar	A	480	1020	07&08 Apr	Max booking is 30 trucks @ 34tons
22-Mar	B	1980	1020	21&22 Apr	Booked max and asked for remainder to be put on waiting list
24-Mar	D	0	300	22-Apr	
25-Mar	B	920	1060	19,20,&23 Apr	Remainder allocated
			3500		
05-Apr	A	380	100	16-Apr	Slot available from 75% of booking slots

The above is currently been incorporated into the detailed agricultural contract specifications that will be distributed shortly for final comments.

Should you have any questions or suggestions regarding the above, please do not hesitate to contact the Commodities Team at 011 520 7039 or email commodities@jse.co.za

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