

MARKET NOTICE

Johannesburg
Stock Exchange

Tel: +27 11 520 7000
www.jse.co.za

Number: 182A/2017
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 12 May 2017

SUBJECT: INTRODUCING CASH SETTLED LAMB CARCASS FUTURES CONTRACT

Name and Surname: Chris Sturgess

Designation: Director – Commodities & Key Client Management

Dear Industry Stakeholder,

Please feel free to distribute to any interested parties.

1. BACKGROUND

Since the idea of a lamb carcass futures contract was mooted towards the end of last year, the JSE has now received the necessary support to proceed with the introduction of a cash settled Lamb Carcass Futures Contract. The contract will be listed for trading on Monday 15th May 2017. To focus the liquidity of the 1000 kg contract, only main hedging months will be available for listing, namely March, June, September, and December. The other month will be considered upon request from the market. In the interim only the June17 and Sept17 will be listed.

Expiry	IMR	CSMR
Jun-17	9640	4820
Sep-17	9540	4770

The detailed contract specifications are attached to this market notice. We will continue to harness our well established relationship with the Red Meat Abattoirs Association (RMAA) to obtain the required price information for contract settlement.

FUTURES CONTRACT	LAMB CARCASS CONTRACT
Trading system code	LAMB
Trading Hours	09:00 to 12:00 Central African Time
Underlying Commodity	Chilled lamb carcasses, graded as A2 and A3 and having conformation of 2, 3, 4 or 5, a damage class of not more than 1 on either the buttock, loin or forequarter, in terms of the national sheep grading guidelines. Carcasses must comply with minimum dressing standards and must be fit for human consumption. Age class A (lamb) is a young sheep under 12 months of age or which do not have any permanent incisor teeth.
Contract Size	1 contract = 1000kg
Expiry Dates & Times (Last Trading Day)	Second Wednesday of the expiry month at 12h00.
Contract Months	Four main hedging months, namely, March, June, September and December shall be listed at any given time with any further out expiries introduced based on market demand. All other calendar months (constant months) will be introduced on the first Wednesday of the calendar month prior to expiry month. Once introduced, the constant month will be traded in the same fashion as the four main hedging months.
Settlement Method	Daily mark-to-market procedure for this contract will follow the current daily settlement process applied to the grains market. Upon expiry, settlement shall take place in cash. The settlement price shall be determined by the JSE by incorporating volume weighted average weekly selling prices of A2 and A3 carcasses over two weeks preceding the Last Trading Day. Price information for the desired grades will be contributed by Red Meat Abattoirs Association through associated agreements with specific members in order for the JSE to validate contributions directly with the contributing abattoirs. The JSE will publish its indicative settlement price after Last Trading Day; subject to audit with the final settlement price (FSP) applied on Clearance Date (2 business days following Last Trading Day). The JSE reserves the right to

	revise its settlement methodology from time to time. The above settlement method is applicable to both constant and main hedging months.
Quotations	Rand/Kg
Min Price Movement	Five cents per kg
Daily Limits	R2.50/kg above or below previous day's mtm price. Extended to R3.50/kg as per JSE Rules.
Initial Margin	As determined by JSE Risk from time to time referencing the current margining methodology.
Maximum position limits	No participant (defined as a member or registered client) or associated group of participants may hold in excess of 835 contracts as a net position across all listed expiries. This position limit may be adjusted from time to time
JSE Booking Fees	R15.00/Contract (VAT incl.)

We look forward to your support for the product, if there are any further questions around the product please feel free to contact the commodities team +27 11 520 7039 or email commodities@jse.co.za.

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