

MARKET NOTICE

Johannesburg
Stock Exchange

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

Number: 20/2017
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 23 January 2017

SUBJECT: INTRODUCTION OF A CASH SETTLED QUANTO WHITE MAIZE CONTRACT

Name and Surname: Chris Sturgess

Designation: Director: Commodities & Key Client Management

Dear Market Participant,

The JSE has received the necessary support to proceed with the introduction of a cash settled Quanto White Maize future contract. To recap, the Quanto White Maize contract strips out the currency volatility on the white maize contract, JSE code WMAZ. In essence the market would have a 'US dollar' view of White maize although all mark-to-market and final settlement value remains in ZAR. The contract will be listed for trading **Wednesday 25 January 2017**. On launch the JSE will introduce the April17 (tracking the May17 WMAZ price) and June17 (tracking the Jul17 WMAZ) expiries with the following initial margin requirements

Expiry	IMR	CSMR
Apr-17	2240	1120
Jun-17	2150	1075

Please refer to the Contract specification below:

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 unless the JSE expressly permits the Parties to give effect to their contractual provision. Below are the specifications.

FUTURES CONTRACT	QUANTO WHITE MAIZE						
Trading system code	QWMZ						
Trading hours	09:00 to 12H00 South African time. Admin period from 12h00 to 14h30 (Monday to Friday except South African National Holidays)						
Underlying instrument	Referencing the deliverable white maize futures contract using JSE code WMAZ, this is a cash settled contract that will take into account the rand per ton value indexed against a US Dollar forward rate to match the WMAZ reference expiry month, that is ultimately cash settled. Although the index value will reflect a US Dollar basis, all daily mark-to-market and final settlement values remain in ZAR.						
Contract months	Feb, April, June, August, November						
Contract Size	1 contract = 100 metric tons						
Quotation	Denominated in South African Rand (ZAR) with the contract price referencing the USD price move of the JSE white maize contract of the expiry linked delivery period.						
Minimum price movement	0.0100 ZAR per contract unit						
Listing programme	Based on market demand, ensuring that as a minimum we always have the nearest two expiries available for trade.						
Expiry dates & times (see the product trading calendar on the web page www.jse.co.za/commodities for the detailed trading calendar)	Expiry date will be the second business day preceding the first business day of the traded expiry month at 12h00. Eg 29 November 2016 for the December 2016 WMAZ expiry (first positions day as per trading calendar), should the day fall on a national holiday in South Africa, or a weekend, the first business day prior to this will be referenced. <table border="1" data-bbox="453 1890 786 2018"> <tr> <td data-bbox="453 1890 627 1935">Listed</td> <td data-bbox="627 1890 786 1935">Reference</td> </tr> <tr> <td data-bbox="453 1935 627 1980">Expiry</td> <td data-bbox="627 1935 786 1980">Months</td> </tr> <tr> <td data-bbox="453 1980 627 2018"></td> <td data-bbox="627 1980 786 2018">for WMAZ</td> </tr> </table>	Listed	Reference	Expiry	Months		for WMAZ
Listed	Reference						
Expiry	Months						
	for WMAZ						

FUTURES CONTRACT	QUANTO WHITE MAIZE													
	<table border="1"> <thead> <tr> <th></th> <th>contract</th> </tr> </thead> <tbody> <tr> <td>Feb</td> <td>Mar</td> </tr> <tr> <td>Apr</td> <td>May</td> </tr> <tr> <td>Jun</td> <td>Jul</td> </tr> <tr> <td>Aug</td> <td>Sep</td> </tr> <tr> <td>Nov</td> <td>Dec</td> </tr> </tbody> </table>			contract	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Nov	Dec
	contract													
Feb	Mar													
Apr	May													
Jun	Jul													
Aug	Sep													
Nov	Dec													
Determination of final cash settlement value	<p>The final settlement price for cash settlement of the contract will require two components, a white maize settlement value and a Rand Dollar exchange rate. The white maize value will refer to the underlying reference white maize (JSE contract code WMAZ) MTM as published on last trading date. The Dollar Rand exchange rate required to determine the final settlement price will refer to the spot USD/ZAR exchange rate as determined by the JSE at 12h00</p> <p>For details of the trading calendar please see the following link https://www.jse.co.za/services/trading-calendars</p> <p>The final ZAR settlement value will be rounded off to 2 decimals.</p>													
Settlement Method	Denominated and cash settled in South African Rands (ZAR).													
Initial Margin requirements	<p>As per the JSE margining methodology, for the latest initial margin requirements per contract please visit the products page on the web: https://www.jse.co.za/downloadable-files?RequestNode=/Safex/APD%20Margin%20Requirements</p>													
Daily mark-to-market	<p>This will rely on existing daily MTM processes of considering last trade, better bid, lower offer on the initial introduction of the contract HOWEVER the JSE will strive to automate the MTM process by considering two components, a white maize (WMAZ contract) value and a Rand Dollar exchange rate. The white maize value will reference the underlying white maize MTM published price. The Dollar Rand exchange rate required to determine MTM will refer to the spot USD/ZAR exchange rate as determined by the JSE at 12h00</p>													



FUTURES CONTRACT	QUANTO WHITE MAIZE
Exchange fees (incl.VAT)	R5.00 per contract
Daily price limits	No price limits will be applicable
Position limits	No position limits in South Africa however the JSE reserves the right to implement such.
Volatility scanning range	3.5
Qualifying audience Allowed to participate	Considered a domestic instrument as the underlying product refers to white maize delivered in South Africa
Trade types accommodated	Reported transactions will be accommodated with no minimum volume reporting criteria. The onus remains on the client to assess onscreen quotes to ensure the levels secured are the most competitive.

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-notice-and-circulars>