

**MARKET NOTICE**

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**Number:** 21/2017  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 23 January 2017

**SUBJECT:** INTRODUCTION OF A CASH SETTLED SOYA BEAN CRUSH CONTRACT

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**Designation:** Director: Commodities & Key Client Management

Dear Market Participant,

*Please feel free to distribute to any interested parties.*

The JSE has received the necessary support to proceed with the introduction of a cash settled inter-commodity Soya bean crush futures contract which comprises of the following JSE listed products: JSE Soya Beans contract code SOYA, CBOT Soybean Meal contract code MEAL and CBOT Soybean Oil contract code OILS. The cash settled 150 ton contract will be listed for trading on **Wednesday 25<sup>th</sup> January 2017**. To focus the liquidity of the 150 ton Soya bean crush contract only 5 main hedging months will be available for listing on request namely March, May, July, September and December. On launch of this new product the JSE will introduce the March17 and May17 expiries with the following margin requirements for a 150 ton exposure per contract.

Expiry	IMR	CSMR
Mar-17	64 880	32 440
May-17	62 210	31 105

The detailed contract specifications are attached to this market notice. Since foreign reference commodities are included in this complex, please note this product is classified as inward listed commodity

product and therefore foreign allocation limits apply to certain participants as per the contract specifications.

Since this new product may trade at a negative value, it will be loaded under the Can-do instrument screens and so members should load this instrument separately to get sight of the trading activity. Please do call us on +27 11 520 7039 if there are any specific setup questions to view this instrument on Nutron.

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	SOYA BEAN CRUSH CONTRACT
Trading system code	CRSH
Trading hours	09:00 to 12H00 South African time. (Monday to Friday except South African National Holidays)
Underlying instrument	Inter-commodity Soybean Crush future spreads comprised of:  Leg1: <b>111 tons (74% of beans)</b> CME Soybean Meal futures contracts (approx. 1 MEAL contract) Leg2: <b>25.5 tons (17% of beans)</b> CME Soybean Oil futures contracts (approx. 1 OILS contract) Leg3: <b>150 tons</b> JSE Soya bean futures contracts (3 SOYA contracts)
Contract months	March, May, July, September, December
Contract Size	1 unit of the underlying instrument, which is made up of the Inter-commodity Soybean Crush future spreads referencing 150tons of soya beans as the base product. (For avoidance of any doubt, multiply the calculated spread price per ton by 150 to determine the nominal exposure per contract)
Spread Legs	Short the Crush (3:1:1 ratio): Long 150 tons Soya beans, Short 111 tons Soybean Meal, Short 25.5 tons Soybean Oil  Long the Crush (3:1:1 ratio) : Short 150 tons Soya beans, Long 111 tons Soybean Meal,

FUTURES CONTRACT	SOYA BEAN CRUSH CONTRACT								
	Long 25.5 tons Soybean Oil								
<b>Quotation</b>	In South African currency per metric ton.								
<b>Minimum price movement</b>	0.20 RSA cents per ton								
<b>Listing programme</b>	Ensure a minimum of two expiries are available for trade. Should there be demand for any other calendar month combinations, these will be introduced on a demand basis and will apply to the standard contract conditions.								
<b>Expiry dates &amp; times</b>	Last trading date of the contract will be the second last business day preceding the first business day of the contract month at 12h00 South African time. The clearance date of the contract will be the first business day of the contract month. The final cash settlement value will only be finalised and released the following business day after trading has ceased. The final variation margin will therefore be settled one day after last trading day and initial margin returned on the clearance day. The clearance day can further be defined as the day on which all remaining open positions are closed off automatically by the clearing solution.								
<b>Determination of Normal and final cash settlement value</b>	<p><b>Normal Daily Settlement Procedure</b></p> <p>The Soybean Crush settlements are derived using the individual settlements from the respective Soya Beans (SOYA*), Soybean Meal (MEAL*), and Soybean Oil (OILS*) contract.</p> <p>*JSE contract codes</p> <p><b><u>Soybean Crush Price Calculation</u></b></p> <p>This example shows how the Soya Bean Crush is calculated using the formula:            (Price of Soybean Meal (R/ton*74%)) + (Price of Soybean Oil (R/ton*17%)) – Price of Soya Beans (R/ton)</p> <table border="1" data-bbox="421 1816 1485 1995"> <tbody> <tr> <td></td> <td>Soybean Meal Futures (R/t*74%)</td> </tr> <tr> <td>Add</td> <td>Soybean Oil Futures (R/t*17%)</td> </tr> <tr> <td>Less</td> <td><u>Soya Beans Futures (R/t)</u></td> </tr> <tr> <td>=</td> <td>Soya Bean Crush (R/t)</td> </tr> </tbody> </table>		Soybean Meal Futures (R/t*74%)	Add	Soybean Oil Futures (R/t*17%)	Less	<u>Soya Beans Futures (R/t)</u>	=	Soya Bean Crush (R/t)
	Soybean Meal Futures (R/t*74%)								
Add	Soybean Oil Futures (R/t*17%)								
Less	<u>Soya Beans Futures (R/t)</u>								
=	Soya Bean Crush (R/t)								

FUTURES CONTRACT	SOYA BEAN CRUSH CONTRACT
	<p><b>Final Settlement Calculation for Expiring Contract</b></p> <p>The JSE determines the final settlement of the expiring Soybean Crush (CRSH) contract by following the regular daily calculation for the Soybean Crush.</p> <p>On the day of the Soybean crush (CRSH) expiration, assuming that all three underlying contracts expire as well, the soybean crush settlement will be based on the 12:00pm closing futures price as determined by the JSE of all three contracts.</p> <p>The JSE reserves the right to reference the CME group licensed products adjusted for exchange rates and metric conversions should pricing not be available on the JSE listed products.</p>
<b>Settlement Method</b>	Cash settled in South African Rand (ZAR).
<b>Initial Margin requirements</b>	<p>As per the JSE margining methodology, for the latest initial margin requirements per contract please visit the products page on the web: <a href="https://www.jse.co.za/downloadable-files?RequestNode=/Safex/APD%20Margin%20Requirements">https://www.jse.co.za/downloadable-files?RequestNode=/Safex/APD%20Margin%20Requirements</a></p>
<b>Daily mark-to-market</b>	<p>As per the defined Commodity Derivatives MTM process referencing bids, offers and trades on the local SA contracts.</p> <p><i>JSE reserves the right to consider the CBOT MTM price from time to time to align expiries that are not liquid.</i></p>
<b>Exchange fees (incl.VAT)</b>	R30.00 per contract (incl VAT)
<b>Daily price limits</b>	No price limits will be applicable
<b>Position limits</b>	No speculative position limits apply however the JSE may at its discretion implement limits as per Rule 10.4 and defined in the Derivative Directives.
<b>Volatility scanning range</b>	3.5
<b>Qualifying audience</b>	Since foreign reference commodities are included in this complex, the product is

FUTURES CONTRACT	SOYA BEAN CRUSH CONTRACT
<p><b>Allowed to participate</b></p>	<p>classified as <b>Inward Listed</b></p> <ul style="list-style-type: none"> <li>• Individuals and Foreigners have no limits.</li> <li>• Corporate entities have no limits.</li> <li>• Retirement funds and long term insurance companies subject to their 25% foreign allocation limits.</li> <li>• Investment managers and registered collective investment schemes subject to their 35% foreign allocation limits.</li> </ul>
<p><b>Trade types accommodated</b></p>	<p>The intention is that during JSE trading hours of the specific product, all trading activity (bids and offers) should be entered onto the central order book, however the JSE appreciates due to the index nature of this product including three underlying products, the JSE will accept reported trades on the following basis:</p> <ul style="list-style-type: none"> <li>• The transactions relate to hedges by the liquidity provider that were triggered on CME or the JSE contracts in order to hedge this index product</li> <li>• Evidence that the three underlying instruments where executed at different times by the liquidity provider, the JSE will allow for the final index value to be reported</li> <li>• The reported transactions are recorded as soon as possible following completion of the transaction</li> <li>• Users may use the JSE’s report only functionality available via the ATS, however when requested to evidence the above members will be required to provide supporting documentation</li> </ul> <p>No minimum reported volume criteria will exist</p>

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](mailto:commodities@jse.co.za)

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

