
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 233/2021

Relates to:

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

Date: 14 June 2021**SUBJECT:** APPROVAL OF SILOSTRAT (PTY) LTD AS JSE STORAGE OPERATOR INCLUDING REGISTERED DELIVERY POINTS**Name and Surname:** Raphael Karuaihe
Designation: Head - Commodities

Dear Stakeholder,

Reference is made to Market Notice 155/2021, dated 26 April 2021, in which Silostrat (Pty) Ltd (previously Silostrat Investments (Pty) Ltd – Reg. No. 2001/027957/07) applied for registration as JSE storage operator.

We have received comments from the market with regard to this application and would like to share our consideration with the broader market.

1. Total capacity of 625 000 requiring Financial Net Worth (FNW) of R480 million.

There was a slight misalignment with the total capacities submitted by the applicant. Capacities submitted were based on total maximum silo bags that could theoretically be accommodated at the site, and not maximum storage ever recorded at the site. For example Vyfsusters depot has never had more than 110 000 tons stored there, even though potentially, 180 000 tons can be accommodated.

We have therefore reduced capacity of Vyfsusters to 150 000 tons and the applicant is clear that no more than 150 000 tons worth of stock may be stored at Vyfsusters. This then brings total capacity applied for to 595 000 tons, with a required FNW of R240 million which the applicant successfully complies with.

2. Ability to outload under inclement weather conditions

Appendix C2.2 of our Agricultural Contract Specifications defines all weather conditions as being able to provide the required in and out loading service under reasonable wet and windy conditions.

Reports and visuals received from the independent inspector clearly confirmed that the facilities are equipped to be able to outload during light showers and windy conditions.

3. Challenges with the reliability of silo bags

The JSE has recognised silo bags as a form of alternative storage for more than 10 years. Not once have we received complaints about the quality of grain stored at these facilities. While we appreciate the concerns being raised, we maintain that the JSE has openly accepted alternative storage facilities and focused on ensuring the storage operator’s commitment and ability to honour its obligations in terms of JSE silo receipts issued.

With this new application, the JSE also ensured that the independent auditor confirmed the sites’ capabilities and also confirmed the quality and quantity of stock currently in storage. The JSE therefore is able to have a comprehensive view of the opening stock position. Participants are also reminded that Silostrat will, like all other registered JSE operators, provide the JSE on a monthly basis with a comprehensive physical stock report that will include stock levels per commodity identified per folio account, storage operator’s own silo receipts and JSE silo receipts.

Reviewing this application, the JSE is comfortable that the storage operator and their registered sites meet the criteria as described in Appendix C and D of the Agricultural Contract Specifications.

4. Timing of application

Concern was raised that the application is being processed while the season has commenced. We can confirm that the application for maize was received within the stipulated period. For example, we received application for maize, soya, suns and wheat but we are only considering the maize application since it is already mid-season for the other commodities.

In conclusion, we are satisfied that Silostrat (Pty) Ltd has met all the requirements to be considered a JSE-registered storage operator for maize. We are satisfied with the quantity and quality of grain as well as the condition of infrastructure at the selected facilities.

For avoidance of doubt, the following depots are approved for maize, effective immediately:

Storage Point	GPS Coordinates	SAGIS Code	Rail Siding #	Closest main road	Capacity (tons)	Distance to Randfontein (Km)	Indicative Location Differential
Vyfsusters	20°30'19.4"S 26°24'36.8"E	66964	N/A	R59	150 000	221	275
Sarbyn	27°55'12.8"S	66955	N/A	R59	100 000	302	344

	25°46'18.6"E						
Kleinhoek	28°11'19.9"S 26°06'10.5"E	69739	N/A	R700	60 000	329	328
Schoongesicht	28°18'58.1"S 26°24'21.9"E	65600	N/A	R708	55 000	322	347
Theronia	28°00'38.3"S 26°31'25.0"E	66973	N/A	R710	40 000	276	314
Mispah	27°50'48.4"S 26°12'18.5"E	70906	N/A	R34	45 000	276	314
Helpmekaar	27°45'03.5"S 26°06'56.9"E	71359	N/A	R59	45 000	264	309
De Milander	28°07'13.8"S 28°40'36.1"E	69720	N/A	R57	40 000	269	315
Broodsnyers	26°03'25.8"S 29°29'23.3"E	68911	N/A	R35	60 000	207	258

We would like to thank market participants for raising their concerns and drawing our attention to pertinent issues that may compromise the integrity of our market.

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

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