

MARKET NOTICE

Johannesburg
Stock Exchange

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

Number: 350A/2019
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 22 November 2019

SUBJECT: UPDATED TOTAL RETURN BASKET FUTURE CONTRACT SPECIFICATION

Name and Surname: Valdene Reddy
Designation: Head - Equity and Equity Derivatives

Dear Client,

We would like to highlight the updated Total Return Basket Contract template with necessary additional contract specifications. As an exchange product, the additional specifications ensure that there is an explicit description of the nature of the Baskets, its constituents and introduces a predictable frequency of rebalancing the Baskets. There will be communication to the market of changes to any of the baskets' contract specification.

Parameters within the new contract specification are as follows:

1. **Basket Mandate and Description:** (This will express, in words, the underlying exposure and style (e.g. Equally Weighted and/or Market Cap Weighted) of the basket i.e. Top 40 excl. Naspers - Equally Weighted or Retail/Financial Sector -Market Cap Weighted, etc.).
2. **The market where the underlying constituents are listed.** E.g. (NYSE/ NASDAQ/ Hong Kong/ etc.).
3. **The frequency of rebalancing,** (Annually; Semi-annually; Quarterly; Monthly) other than rebalancing instances due to Corporate Actions and JSE Quarterly Index Rebalancing.
4. **Conditions of Rebalancing**
 - a. At all times, the basket exposure must maintain the indicated basket mandate.
 - b. After each rebalancing cycle, a basket must always maintain at least 60% composition of its initial constituents.
 - c. Basket rebalancing will occur only at the indicated frequency, or due to corporate action and JSE Index Rebalancing.
 - d. Communication to the market and contract holders' approval.
 - e. Failure to meet one or all of the above conditions may result into a contract being closed.

Sample contract specification document attached.

Should you have any queries regarding this notice, please contact edm@jse.co.za

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