



## Market Notice

**Number:** A1269A  
**Date:** 17 August 2010

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### Introduction of Options on Crude Oil, Platinum and Gold Futures

The JSE, after consulting various option writers and market participants, will enable options on crude oil, platinum and gold futures as from **Friday 20<sup>th</sup> August 2010** on all expiries. The detailed contract specification documents are attached however the summary is as follows:

**GOLD:** R100 strike intervals with option premiums quoted per contract (to calculate the premium per ounce, divide by the standardised contract size of 10 ounces)

**PLATINUM:** R100 strike intervals with option premiums quoted per contract (to calculate the premium per ounce, divide by the standardised contract size of 10 ounces)

**CRUDE OIL:** R10 strike intervals with option premiums quoted per contract (to calculate the premium per barrel, divide by the standardised contract size of 100 barrels)

The options are based off the traded cash settled futures contract with a very specific expiration process that will be followed. The options will expire on the same day as the referencing option contract on the CME Group however based on specific South African trading hours. Based on the mtm published 15 minutes earlier on option expiration day, all option strikes that are in the money on option expiration day will result in the corresponding futures position. The futures contract will continue to trade until last trading day where all remaining positions will be cash settled using the published settlement methodology. An extensive trading calendar is available on the JSE web page and can be found under the various product pages.

The options will be mark-to-market (mtm) on a daily basis using the existing Commodity Derivatives mtm methodology that considers actual trades for that day during a defined trading period. For gold and crude oil a volatility surface will also be applied during this mtm process. To start with, the shape of the volatility surface will be the same as the foreign referenced CME Group's and will be updated monthly. Once there is sufficient liquidity the JSE will then rely on existing option trading data for the volatility skew.

Please note since no skew exists for the NYMEX platinum contract, all options traded on this product will be mtm on a flat volatility surface.

More information about each of the products is available from the defined product pages available on this link: <http://www.jse.co.za/Products/Commodity-Derivatives-Market.aspx>

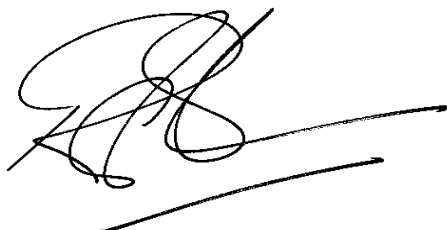
The initial volatility surface for the various products is also attached and going forward will be published on the commodities web page under the "market data and price information" section. Should you wish to receive the skew information via email each month please notify the [commodities@jse.co.za](mailto:commodities@jse.co.za) email address of this and your details will be recorded.



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A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

**Rod Gravelet-Blondin**

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