

Market Notice

Number: A 1757A
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Draft contract specifications for a Zambian white maize, bread milling wheat and soya bean contract

Further to notice A1731, the JSE is pleased to present draft contract specifications for the Zambian grain contracts that will be traded and cleared in US Dollars. The attached draft contract specifications (including detailed ZAMACE quality standards) have been drawn up after consultation with a number of stakeholders including working closely with ZAMACE and provide an opportunity for further feedback particularly around the following areas:

- The ZAMACE quality specifications will be referenced, these were agreed amongst Zambian industry participants a few years back, please provide any comments you may have in regard to the specifics of the grading requirements.
- Currently only maize of Zambian origin is suggested for physical delivery whilst the other products do allow for other origins provided they meet the quality standards.
- Greater Lusaka and Copperbelt regions have been identified as the reference points at which product will be traded on par, the JSE is busy consulting with various potential warehouse operators that could provide delivery points in these regions, anything outside of the region will be registered at a published location differential. Any warehouse operators interested in registering are welcome to contact the JSE for further information.
- Position limits are proposed on both hedgers and speculators in line with existing derivative rules
- The products will be traded and cleared in US Dollars however in accordance with Zambian legislation we anticipate where a futures position results in physical delivery and both underlying counterparties are Zambian Nationals this physical delivery transaction will be completed in Zambian Kwacha. If one party is a non Zambian entity, then the transaction will continue to be settled in US Dollars. The Bank of Zambia has been formally approached to provide the necessary sign off on this proposal.

The JSE is also consulting tax professionals to ensure the proposed physical delivery process and invoicing meets the necessary compliance and will provide further details in this regard.

As we progress in terms of introducing the new products, **to assist us and clearing members with the member and client on boarding process, it is imperative those members/clients who are interested in trading the new products inform the JSE as soon as possible**, please email commodities@jse.co.za with your company details including registration number and key contact person.



The JSE continues to work with the various Commodity Clearing Members and SARB to streamline the registration process that includes opening of USD bank accounts to facilitate the settlement of the derivative transactions. Again please reach out to us as soon as possible to confirm your participation so we can start with this process. To be able to access the Zambian products members and clients will have to pre-qualified and enabled on our systems.

The three new contracts including a number of expiries will be made available in the test environments as from Monday 11 February for those market participants who would like to test their trading and downstream systems since this will be the first time we see settlement in another currency. Please inform us if you would like to also participate in a parallel run scheduled with interested Clearing Members that will take place towards the end of this month and into early March.

Please extend any comments directly to me or use the group address commodities@jse.co.za. We look forward to your support and welcome feedback regards the proposed contract specifications. We continue working towards introducing the various products to the trading and clearing platforms by the end of March 2013.



Chris Sturgess

Designation Director
Division Commodity Derivatives
Tel +27 11 520-7299
Fax +27 11 520-7558
E-mail address: chriss@jse.co.za

Distributed by the Company Secretariat +27 11 520 7346