

## Market Notice

**Number:** A1893  
**Date** 01 November 2013

### Introduction of a White Maize Can-Do futures contract

The JSE is pleased to announce it will be introducing the first commodity Can-Do contract to the market. These contracts have proved to be highly successful on the equity and currency derivatives markets, providing an opportunity for participants to bring transactions that are more flexible in terms of the contract specifications through the clearing structures of the JSE.

The initial product will be specific to white maize and will be effective for trading on 4 November 2013. The Commodity Can-Do will reference the underlying white maize (WMAZ) market for daily valuations and although the Can-Do is cash settled a component of the settlement process also involves switching positions back into the Nov13 WMAZ contract. The product strives to address credit risk in daily margining requirements and to value the Can-Do as a spot future contract reflecting the carry cost and the underlying value of holding the physical commodity. The contract mimics the spot futures price for the holder of the Can-Do contract without receiving or making delivery of the underlying product. Please note position limits as per derivatives rule 10.40 will apply to this contract.

For a further overview on Can-Do contracts and what has already being achieved please visit <http://www.jse.co.za/cando>

### Contracts Specifications- Commodity Can-Do XWMS

GENERAL TERMS	
<b>Description</b>	NOVEMBER WHITE MAIZE COMMODITY CAN- DO
<b>Can-Do Name</b>	Can-Do XWMS
<b>Can-Do System Code</b>	XWMS
<b>Contract Size (Multiplier)</b>	1 contract = 100 tons for the avoidance of doubt, this means that each contract will reference a price per ton multiplied by 100
<b>Quotations</b>	Price per ton in Rand



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<b>Minimum Price Movement</b>	R0.20 per ton
<b>JSE Fees</b>	R24.00 per contract (INCL VAT)
<b>Initial Margin</b>	R15 000 per contract
<b>Series spread margin</b>	As per White Maize Series spread margin
<b>Position Limits</b>	The white maize position limits as per rule 10.40 for the spot month will apply to the contract
<b>Trade Date</b>	The date the Can-Do position is first entered into on the JSE
<b>Business Day</b>	Any day on which banks are open for a normal trading day in Johannesburg and grain prices are published by the JSE.
<b>Underlying</b>	
<b>Underlying Future</b>	WMAZ futures contract meeting all specifications as listed and traded on the Commodity Derivatives Division of the JSE
<b>Daily MTM adjustments</b>	Tracking the nearby WMAZ listed expiry month and deducting: <ul style="list-style-type: none"> <li>• Safex standard maize storage at R0.57 cents per ton per day</li> <li>• Financing cost calculated as ( # of days from and including 1 November 2013 <i>multiplied</i> by nearby WMAZ futures MTM <i>multiplied</i> by Prime less 2.25%) <i>divided</i> by 365 days</li> </ul>
<b>Initial reference level</b>	As agreed by the Long and the Short Party on the trade date in Rand per ton. Confirmed by the EFP transaction generated by the exchange upon confirmation of the Can-Do trade. The execution of the Can-Do will trigger an automated allocation of the underlying WMAZ future contracts between the buyer and seller to create an equal and opposite XWMS Can-Do. The report only transactions will be facilitated by the JSE.
<b>Underlying Currency</b>	Rand (ZAR)
<b>Underlying physical commodity</b>	White maize as defined by the contract code WMAZ and represented by the issue of Safex silo receipts
<b>Final Evaluation Date</b>	Expiration date confirmed as 21 November 2013
<b>Valuation Frequency</b>	Daily at 12h00 as per the JSE MTM process for grain products
<b>TERMS &amp; CONDITIONS : CAN- DO XWMS</b>	
<b>Type</b>	Can-Do Future
<b>Buyer</b>	Is the party that is the Long Party to the Can-Do Future
<b>Seller</b>	Is the party that is the Short Party to the Can-Do Future
<b>Initial Futures Price</b>	As agreed by the counter parties, EFP or trade level

PROCEDURE AT EXPIRATION	
<b>Expiration Date and Time</b>	12h00 on the business day prior to last trading day for the WMAZ contract, for avoidance of doubt 21 November 2013
<b>Reference Price including final valuation</b>	The underlying WMAZ Nov13 commodity price as determined on expiration date including the defined adjustments for storage and financing costs. Based on the execution level of an automated EFR transaction in the appropriate underlying WMAZ futures month
<b>Can-Do : Cash Settlement with futures equivalent positions booked in the underlying reference month at expiration date</b>	<p>The XWMS contract will be cash settled at the calculated reference price with an equal and opposite WMAZ Nov13 future position created at the same price level. For avoidance of any doubt, the party that sells back the XWMS Nov13 will buy WMAZ Nov13 future contract and the party that buys back the XWMZ Nov13 will sell the WMAZ Nov13 future contracts.</p> <p>The WMAZ Nov13 positions will be captured as a report only trade before 14h30 on the expiration date.</p>
<b>Location Differential and grade discounts</b>	Not applicable

Since the Can-Do is specific between the two counterparties, the original trade is reported into the order book. The contract is visible on the NUTRON front end under Agris Trading, Cando.

If there are any further questions regarding the new product, please feel free to contact Anelisa Matutu on 011 520 7158 or use the group e-mail [commodities@jse.co.za](mailto:commodities@jse.co.za).



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