

Market Notice

Number: A1896

Date 7 November 2013

Additional expiry to assist with the soya bean transition of 25 ton to 50 ton contract

Following a number of requests from market participants regarding the transition from the 25 ton MSOY contract to 50 ton SOYA contract, the JSE will introduce a Dec13 SOYA expiry month to assist with the rolling of positions. We will also introduce a DEC13 SOYA/MSOY split to provide a more efficient role into the 50 ton contract size (the order in which the split is loaded is a function of the contract sizes). Members remain welcome to roll any positions via trading the individual legs of the spread as this is simply another option that is made available.

All Dec13 MSOY positions that are rolled into the Dec13 SOYA expiry will **not be charged a fee on both sides** since the net tonnages remain open however to qualify for this members must contact us on the SAME day of the trade and before 14h30. This will only be specific to the JSE fees and members are required to confirm with their Clearing Members how they will approach the transition. The Dec13 SOYA expiry will be available for trading on Friday 8 November 2013.

Any Dec13 SOYA positions rolled via the calendar spread functionality to Mar14 SOYA or further out will continue to attract the published JSE fees. The Dec13 SOYA will be accommodated as a standard delivery month and MTM using the same value as the Dec13 MSOY contract. Clients wishing to make delivery on the DEC13 SOYA contract will need to register silo receipts in multiples of 50 tons in order for the systems to accommodate this. We therefore encourage clients to consider this when requesting either electronic or paper receipts.

As we phase out the 25 ton contract leading up to Mar14 SOYA, clients must be aware that silo receipts that are not in multiples of 50 tons will have to be converted by the relevant storage operator in order for them to be accepted in the new marketing season. Please consider this when requesting silo receipts ie if you can avoid 25ton multiples then there will be no need to convert the receipts to 50 tons as from 28 February 2014.

Following the decision to move to a standard 50 ton contract for soya beans, the JSE continues to receive requests to provide a product that will assist the smaller market participant or those who do not meet the exact 50 ton multiples. The JSE therefore proposes, similar to the white and yellow maize contracts, to



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introduce a 10 ton soya bean contract in the new marketing season that will be mtrn and facilitated in the same way as the 10 ton maize contracts with only five main hedging months available.

We have also discussed at the Agricultural Advisory Committee the concept of introducing a single reference point to the soya bean contract that then implies location differentials to each of the delivery points. This was largely on the back of requests to introduce additional delivery points over and above the current 131 delivery sites that are further away from the current core delivery areas. In essence the agreement at the committee meeting was that if we do not move to a location differential model we should then not consider any requests for additional delivery points away from the current listed sites. There was no majority support to move to a location differential model for soya beans and so if there are any strong views from market participants (other than Advisory Committee Members) to either change the model or keep the status quo please feel free to email me your views on chriss@jse.co.za. At this point we continue with the status quo.

We trust the additional Dec13 SOYA expiry will assist those market participants interested in more efficiently executing their roles to the new 50 ton contract size.



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