



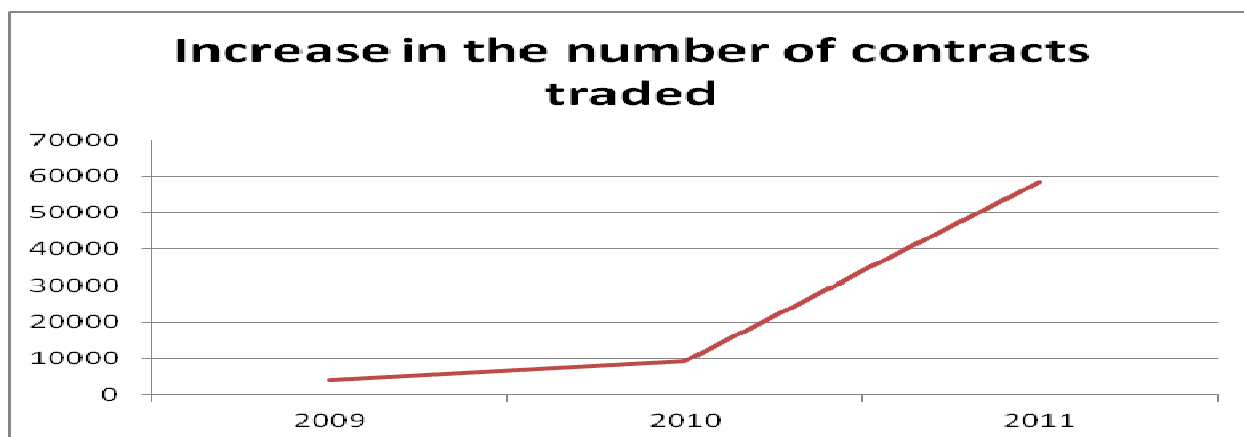
Market Notice

Number: F5185A
Date 21 February 2012

Proposed enhancements to the commodity contract specifications of gold, platinum, copper, silver and crude oil as listed on the global market including details regards a fee waiver programme

The licensing agreement with CME Group signed back in 2009 enabled the JSE to introduce a number of foreign referenced commodities. In 2010 through a combined effort between the Commodity and Equity Derivatives Markets, the JSE introduced gold, platinum and crude oil via the Global Market, a common trading window for clients across both derivative memberships. This was shortly followed by the introduction of copper and silver. With a number of approved market makers quoting throughout the trading session from 9h00 until 17h00, the market is assured of liquidity based on the activity of the underlying US markets.

Trading volumes have improved significantly, albeit from a low base, as illustrated via the chart below:



Since the introduction of the products, the market has suggested aligning the expiry months to quarterly intervals similar to the financial expiries. To this end and with the support of the market makers, the JSE proposes that it amend the contract specifications for the foreign referenced commodities available via the Global Market and align these to the currency futures expiry dates. In this way there will be four standard expiry dates per year and since they aligned with the currency futures, clients will be able to hedge out any currency risk thereby enabling position holders to structure a closely align dollar position.

In order to align the expiry dates and at the same time ensure market makers have access to the most liquid expiry months on the CME Group, the JSE will list the four standard expiry months but for market making



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purposes the most near dated liquid futures contract on CME will be referenced for quoting purposes. This will result in the following going forward:

JSE LISTED EXPIRY		CME GROUP REFERENCE MONTHS FOR MARKET MAKING				
AS PER CURRENCY FUTURES		COPPER	SILVER	GOLD	PLATINUM	WTI CRUDE OIL
Sep-12	2012/09/17	Dec-12	Dec-12	Oct-12	Oct-12	Nov-12
Dec-12	2012/12/14	Mar-13	Mar-13	Feb-13	Jan-13	Feb-13
Mar-13	2013/03/18	May-13	May-13	Apr-13	Apr-13	May-13
Jun-13	2013/06/14	Jul-13	Jul-13	Aug-13	Jul-13	Aug-13

So in effect the JSE Sep12 expiry for the commodities listed above will result in the market makers referencing the most liquid near dated CME month for quoting purposes, for example with GOLD, the Oct12 COMEX expiry will be referenced for quoting on the Sep12 JSE expiry.

All the above JSE listed commodities will be cash settled using the underlying CME Groups trading activity except the settlement values will coincide with the currency futures close out dates, eg for Sep12 the final settlement value as of 17 September 2012 will be taken across all products. It is proposed that in the unlikely event that the CME Group expiry is locked at the published price limit on the day of cash settlement, the final commodity cash settlement value will be closely aligned with the trading session where the market makers are in a position to unwind their hedged positions.

Please review the proposed changes to the expiry dates and provide feedback to commodities@jse.co.za before Tuesday 28 February 2012. Subject to the feedback received, the JSE would like to move to introduce the Sep12 expiry for all metals and crude oil as soon as possible.

The JSE has also introduced a fee waiver program for those clients who wish to hedge their currency risk using JSE currency futures contract based on the underlying commodities exposure. The JSE with the support of the Derivative Clearing Members have agreed to waive the second set of fees when the hedge position (both commodity and currency) is closed. In order to benefit from this program please follow the following guidelines:

- *Email all requests to the following operational email groups: commodities@jse.co.za and derivativetrading@jse.co.za*
- *In the subject line of the email clearly indicate the request to "clear fees"*
- *In order to simplify the process, there is no need to send us details when the position is first entered into, however we do require a email on the same day when the position is closed clearly confirming the details of the trade, also include details of the opening trade(s) for audit purposes.*
- *Email requests are required to reach us no later than **17h05** on the day of closing the position in order for the fees to be waived*
- *The operations teams will confirm receipt of your email, if this is not received by 17h05 the onus is on the requesting client to make contact with the JSE operations desk. This hopefully will reduce the risk of issues with email services not delivering the request on time.*
- *Due to the systems in place, the fee waiver can only be processed on the day of the unwinding trade(s)*

In addition to the above fee waiver, similar to the Equity Derivatives Market, clients that are rolling positions 10 business days before expiry can send through an email request to commodities@jse.co.za in order for the first leg of the role to be fee waived. This is only applicable to Global Market products and the request must

reach the JSE no later than 17h05 on the day in order to be considered since all end of day processes start at 17h15.

The Global Market products are available to Safex Commodity and Equity Derivative Members and all their respective registered clients, if there are any connectivity issues please do contact the derivative operation desks. If there are any product specification queries please call +27 11 520 7535 or email commodities@jse.co.za . Detailed information is also available on the JSE webpage for each of the products including the contact details of all market makers, please visit www.jse.co.za/globalmarket .

Attached to this notice is a summary of the proposed contract specifications where options on copper and silver have also been enabled.

We look forward to your feedback regards the proposed changes and increased support for these products.



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