

Market Notice

Number: F5446
Date 11 July 2012

Introduction of QUANTO FUTURES - further expanding the list of foreign referenced commodities

The JSE is pleased to announce it will be expanding its foreign referenced commodity product range to include Quanto Futures with options on the future also available. A **QUANTO FUTURE** or a **QUANTO OPTION** is a type of derivative in which the underlying product traded references a foreign underlying, but the instrument itself is settled in another currency at a fixed rate. These products internationally have been attractive to market participants who wish to gain exposure to a foreign commodity but without the corresponding exchange rate influence. As an example if gold is quoted at \$1576.00 in the US, it will quoted close to R1576.00 in South Africa with a slight variation due to the market makers pricing.

Under an existing licensing agreement with CME Group, quanto futures and options will initially be introduced on Brent crude oil, gold and copper, the detailed contract specifications are attached to this market notice and will be available on the products section on the web link: www.jse.co.za/commodities.

Rand Merchant Bank who originally suggested we bring this product innovation to the South African market will initially act as market maker when the three products are **introduced for trading on Wednesday 25 July 2012**. The Nov12 and Feb13 expiries will be available however the requirement on launch date is that the market maker only actively quote on the nearby dated futures contract.

Following a request from the Equity Derivative market participants, the global market trading hours will also be amended to open earlier and so from the 25th July 2012 all global market products will open for trading at **08h30 and close at 17h00 with admin period until 17h15**. There will be no open order period as from this date. Market makers are only expected to commence quoting 30 minutes from the new market open time.

The JSE will be hosting an information session on the 24th July 2012 at 14h00 at the JSE to discuss the new product, if members have not already received an invitation please request this via an email to commodities@jse.co.za.

If there are any further questions regarding the new product, please feel free to contact the Commodities Team on 011 520 7535 or use the email address above, alternatively the contacts for the market maker RMB, are Andrew Connellan on 011 269-9800 or Simone Blasé on 011 269 -9140.

The JSE is excited to offer derivative market participants this additional choice in terms of energy and metal products. The existing foreign referenced commodity products namely WTI crude oil, gold, platinum, copper



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and silver that have expiries aligned to the currency futures contract for easier currency hedging will remain available to all participants including the existing fee waiver program as described in market notices A1576A for Commodity Derivatives and F5185A for Equity Derivatives.



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