

Market Notice

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New Speculative Dividend Future: ALSV

We are very happy to announce the listing of a new Dividend Future: the **ALSV**

In the past all our dividend futures have been aimed at hedging out the dividend risk when trading Single Stock Futures or Index futures. Due to being present valued and then forward valued they were not suitable for speculative purposes. You can identify these contracts as they all end in "F".

Our new dividend future that you can speculate with (**ALSV**) will be an annually resetting future running from the day after the previous year's December expiry to the current year's December expiry. The index will be marked to market each night by using our estimated total amount of Dividends paid over the year expressed in Index points with no forward valuing or present valuing.

The speculative dividend future is a derivative of the new FTSE/JSE TOP40 Dividend index with the JSE code **J2DV** (Bloomberg code FJ2DVZ INDEX). This is an accruing index expressing in index points, the cumulative value of the TOP40's dividends paid out in total since the index series' inception. The **J2DV** index never goes down as it is a count in index points of all the dividends paid since the inception of the FTSE/JSE Index series. The **J2DV** only goes up as dividends are paid. The expiry value of the dividend future will be the amount obtained by subtracting the close of day 15 December 2011 value of the J2DV from the close of day 20th December 2012 value. The amount left over will be the total value in Index points paid out over the year.

Some interesting facts and levels of the **J2DV** Index:

The dividend Index historically can be matched back to the start of the FTSE/JSE Indices Series where the **J2DV** started with a value of 156 points on the 21st of June 2002. On the 21st of June 2012 the value for the **J2DV** index was 5389 so over that ten years the TOP40 paid out 5232 index points in total normal dividends.

Our total dividend amount in Index points paid out for last year between the December 2010 and December 2011 closeouts was 772.6774 points. The **J2DV** index started with a value of 4166.38 on 15 December 2010 and finished with a value of 4939.057 on 15 December 2011.

Our current estimate for the 2011 to 2012 year is 1005 (**ALSV**) index points with an index value of 5944 (**J2DV**) expected to the 15th of December 2012. (5944-4939=1005). Of the 1005 forecast for the year 461 index points have already been paid and further 544 index points are forecast to be paid by COB 20th December 2012.



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: NF Newton-King (CEO),
F Evans (CFO) **Non-Executive Directors:** HJ Borkum
(Chairman), AD Botha, MR Johnston, DM Lawrence, A Mazwai,
NS Nematswerani, N Nyembezi-Heita, N Payne **Alternate
Directors:** JH Burke, LV Parsons

If you expected the value to be 1000 index points you would sell the index at 1010 points and make 10 index points if you were correct. The initial margin is set at R1000 or 100 points. Due to the Index's concentration there is still quite a lot of stock specific risk in terms of dividends. An example of this risk is that for 2012, 91 index points are expected from BHP Billiton. Thus if BHP Billiton scrapped their dividend the index would fall by 91 points in a day. Another reason that the margins are high is that these moves are quite binary as a company is probably more likely to scrap its dividend entirely than to cut it by 30%.

For further details on this product please email derivativetrading@jse.co.za or call +27 11 520 7051

Graham Smale

Designation:	Director: Bonds and Financial Derivatives
Division:	Bonds and Financial Derivatives
Tel:	+27 11 520 7831
Fax:	+27 11 520 8831
E-mail address:	grahams@jse.co.za

Distributed by the Company Secretariat +27 11 520 7346

New FTSE/JSE TOP40 Index Dividend Future Annual Reset contract (ALSV)

Summary Contract Specifications:

GENERAL TERMS	
Description	New ALSI Dividend Future Annual Reset
Contract Name	ALSV
Nutron Code	ALSV
Contract Size (Multiplier)	10 (for the avoidance of doubt, this means that each point references the Index, multiplied by 10 ZAR)
Minimum Price Movement	One one-hundredth of an Index point (i.e. 0.01)
Quotations	Of the underlying Index, the value to two decimal places
Trading Fees	R1
Initial Margin	R 1000 per contract
Class Spread Margin	R 500
V.S.R.	2.0
Trade Date	The date the Dividend Future position is first opened on the JSE
Business Day	Any day on which banks are open for a normal trading day in Johannesburg and the Index is published by the JSE.
Option Style	Pure Futures Options/Safex Style Options
Index	J2DV FTSE/JSE Index on the TOP40 dividends (Bloomberg Code: FJ2DVZ <Index>)
Initial Index Reference Level	The FTSE/JSE TOP40 Dividend Index (J2DV) was at XXXX points on close of business on the 15 th December 2011
TERMS & CONDITIONS	
Type	Future
Buyer	Is the party that is the Long Party to the Index Dividend Future
Seller	Is the party that is the Short Party to the Index Dividend Future
Daily Mark to Market	<p>Each day the spot price will be the accreted index points that have occurred since the previous December's closeout as measured by that day's closing value for the FTSE/JSE TOP40 Dividend Index (J2DV)</p> <p>The futures price which will be marked to market against will be the JSE's forecast of the total dividends to be paid in Index points between the closing valuation on the 15th December 2011 and the closing valuation on the 20th of December 2012</p>

PROCEDURE FOR EXPIRY	
Expiration and Valuation Date	20 th December 2012
Expiration and Valuation Time	17.00 on the Expiration and Valuation Date
Expiry Price	<p>The total amount of dividends paid by constituents of the JSE's TOP40 Index, in Index Points, between the 15th December closeout of 2011 and the 20th December 2012 closeout of the current year</p> <p>This will be measured by subtracting the closing price of the J2DV on the 15th December 2011 from the closing price on the expiry date of 20th December 2012.</p>
Cash Settlement	Applicable. If the difference between the traded price and the expiry price is greater than zero,
Cash Settlement Amount	Means an amount equal to the number of contracts held on the Expiration and Valuation Date multiplied by the difference in the traded price and the realised amount of dividends, multiplied by the Multiplier.