



Market Notice

Number: Y1261

Date: 08 November 2013

New Currency Future Can-do Contract (CAFD) –Portfolio of Options on USD/ZAR

The following new Currency Future Can-do Contract (CAFD) has been added with immediate effect and is available for trading today.

Insofar as any contractual provision set out below is inconsistent with the rules, directives, regulations and margin methodologies (“**Rules**”) of the JSE Limited (“**JSE**”) in respect of Interest Rate and Currency Derivatives Market, the Rules will prevail unless the JSE expressly permits the Parties to give effect to their contractual provisions.

Summary Contract Specifications:

GENERAL TERMS	
Description	Portfolio of Options (constituted by Option 1 and Option 2 mentioned below)
Can-Do Name	Can-Do CAFD
Can-Do Code	CAFD
Underlying Instrument	In respect of Option 1 and Option 2: Currency Future USD/ZAR 12 December 2014
Contract Size (Multiplier)	USD1 nominal
Minimum Price Movement	ZAR 0.0001
Currency Pair	USD/ZAR
Quotations	When determining the exchange rate for the Currency Pair, the amount of ZAR per one USD (rounded to four decimals) shall be determined
Settlement	Subject to Netting of Payments below, the option contracts related to the Currency Future Can-do Contract, being Option 1 and Option 2, if exercised, will settle by means of Cash Settlement, the Option Cash Settlement Amount in respect of each such option contract to be paid in ZAR.



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Executive Directors: NF Newton-King (CEO),
 A Takoordeen (CFO)

Non-Executive Directors: HJ Borkum (Chairman), AD Botha,
 MR Johnston, DM Lawrence, A Mazwai, Dr. MA Matooane,
 NP Mnxasana, NS Nematwerani, N Nyembezi-Heita, N Payne

Alternate Directors: JH Burke, LV Parsons

Company Secretary: GC Clarke

Mark-to-Market	Explicit Daily The forward value of the arithmetic average of the traded underlying observed for a 5 minute period between 16:55 and 17:00 Johannesburg time.
Exchange Fees	Sliding Scale – See below
Initial Margin	ZAR 254.00 (as determined by the JSE on a monthly basis)
Class Spread Margin	ZAR 0.00
V.S.R.	2.50%
Trade Date	The date the Currency Future Can-do Contract is concluded
Business Day	Any day on which banks are open for business in Johannesburg and currency prices are published by the JSE.
Option Style	Style of the option contracts related to the Currency Future Can-do Contract, being Option 1 and Option 2: European, meaning that the rights granted under the option contracts related to the Currency Future Can-do Contract are exercisable on the date and at the time mentioned in Expiration and Valuation Date.
Initial Reference Level	The currency exchange rate for the Currency Pair as agreed by the Long Party and the Short Party on the Trade Date, being the level of the Currency Pair from which any movement in such currency exchange rate (the minimum of which is the Minimum Price Movement) will be determined
Long Party	The holder of the long position in respect of the Currency Future Can-do Contract
Short Party	The holder of the short position in respect of the Currency Future Can-do Contract
TERMS & CONDITIONS	
Option 1	Vanilla USD/Rand USD Call Option, being a call option contract
Buyer of related option contracts	The party that is the Long Party to the Currency Future Can-do Contract
Seller of related option contracts	The party that is the Short Party to the Currency Future Can-do Contract
Strike Price	ZAR10.1000 / USD 1.00

Option 2	Vanilla USD/Rand USD Call Option, being a call option contract
Buyer of related option contracts	The party that is the Short Party to the Currency Future Can-do Contract
Seller of related option contracts	The party that is the Long Party to the Currency Future Can-do Contract
Strike Price	ZAR12.1000 / USD 1.00
PROCEDURE FOR EXERCISE	
Expiration and Valuation Date	12 December 2014 10:00 (10:00 a.m.) New York time (i.e. 17:00 (5:00 p.m.) Johannesburg time), being the date and time of expiration of the option contracts related to the Currency Future Can-do Contract
Reference Price	The closing currency exchange rate for the Currency Pair observed by the JSE on the Expiration and Valuation Date.
Automatic Exercise	Applicable, meaning that if the Reference Price is equal to or: (i) as it concerns Option 1, in excess of Strike Price 1, (iii) as it concerns Option 2, in excess of Strike Price 2; at the Expiration and Valuation Date, Option 1 and Option 2, as may be applicable, will be deemed automatically exercised
Cash Settlement	Applicable. If the Strike Price Differential is greater than zero, the Short Party shall pay the Long Party the Option Cash Settlement Amount for the number of option contracts held at the Expiration and Valuation Date.
Option Cash Settlement Amount	For Option 1 and Option 2: An amount, payable by the Seller to the Buyer, equal to the number of option contracts exercised on the Expiration and Valuation Date multiplied by the relevant Strike Price Differential, multiplied by the Multiplier multiplied by 1000.
Strike Price Differential	In respect of Option 1 - An amount equal to the greater of: a) the Reference Price minus the Strike Price; and b) zero. In respect of Option 2 - An amount equal to the greater of:

	<p>a) the Reference Price minus the Strike Price; and</p> <p>b) zero.</p>
Netting of Payments	<p>If at the Expiration and Valuation Date Option Cash Settlement Amounts would otherwise be payable in terms of Option 1 and Option 2 by either the Long Party or Short Party to the other, then, at such time on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.</p>

***Please note that due to do the nature of this Can Do structure, the value can be negative.**

Exchange Fees – Sliding Scale Fee Structure:

Sliding Scale – Number of contracts traded	Option Trading Fee per contract
1 – 499	R0.63
500 – 999	R0.60
1,000 – 2,999	R0.55
3,000 – 4,999	R0.53
5,000 – 7,499	R0.48
7,500 – 9,999	R0.30
10,000 and above	R0.23

The fees will be capped at ZAR39,900 per deal to entice bigger contracts.

*All the above fees include VAT of 14%.

***The above instrument has been designated as “Foreign” by the South African Reserve Bank.**

If you have any queries, please feel free to contact Warren Geers (+27 11 520 7470) / warreng@jse.co.za or Cindy Pillay (+27 11 520 7689) / cindyp@jse.co.za.

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