



Market Notice

Number: Y1267

Date: 25 November 2013

Name	j-Rand: Currency Derivatives
Contract	Quanto Currency Futures Contract
Underlying Instrument	A Euro/Dollar futures contract is cash settled and traded in ZAR, but mirrors the performance of the underlying Euro/Dollar spot.
Codes	e.g. Dec13 EUUS
Contract Months	Mar, Jun , Sep & Dec
Listing Programme	Near, middle and far contracts Specials on demand and Anyday expiries
Expiry Dates & Times	At 10H00 New York time (i.e. 16H00 in SA winter and 17H00 in SA summer) two business days prior to the 3 rd Wednesday of the expiry month (or the previous business day if close-out day is a public holiday)
Expiration Valuation Method	10 Iterations, Arithmetic average of the underlying traded spot price taken every 30 seconds for a period of 5 minutes, commencing at 09H55 ending at 10H00 New York time .
Contract Size	10,000 nominal
Quotations	Denominated in South African Rand (ZAR)
Minimum Price Movement	0.0001 (R1.00)
Settlement	Cash settled in ZAR
Initial Margin Requirements	As determined by JSE Portfolio Scanning Methodology
Mark-to-Model	The arithmetic average of the mid on the Euro spot price for a 5 minute period between 16h55 and 17h00 daily. Thereafter the average of the Euro forward points at 17h00 is added to this average price to determine the closing value.
Exchange Fees	Fees to be determined (a fee holiday will be applied)
Market times	As determined by the JSE (9 am - 5 pm)



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 NP Mnxasana, NS Nematswerani, N Nyembezi-Heita, N Payne

Alternate Directors: JH Burke, LV Parsons

Company Secretary: GC Clarke

Initial Margin Requirements:

Contract Code	Contract Name	Expiry Date	Fixed Margin	Spread Margin	VSR	SSMR
EUUS	Euro / Dollar (€ / \$)	2013/12/13	340	15	2.5	0
EUUS	Euro / Dollar (€ / \$)	2014/03/17	340	15	2.5	0

What is commonly referred to as a 'Quanto Derivative' is in fact a derivative (future or option) where the underlying product traded references a foreign underlying but the instrument itself is settled in another currency (South African Rand), at a fixed rate. These products internationally have been attractive to market participants who wish to have exposure to a foreign asset or commodity but without the corresponding exchange rate risk.

The Quanto future would merely mirror the underlying movement on a 1 for 1 basis yet traded and tracked in Rands.

For example:

If the price of the Euro/Dollar increases by 2% in Dollar terms, then the value of the investor's Rand position in Euro/Dollar (via the Quanto product) will also increase by 2%.

	Euro/Dollar	Quanto Euro/Dollar
Traded Price 1	\$ 1.3300	R 1.3300
Increase in price	2%	2%
Traded Price 2	\$ 1.3500	R 1.3500
Price movement	\$ 0.02	R 0.02

This equates to a positive movement of R0.02 for the market participant who bought the contract and a negative movement of R0.02 for the participant who sold the contract.

With a price movement of R0.02 (200 points), if you traded 1 contract (nominal of 10,000) the profit/loss will be R200.

The above instrument has been designated as "Foreign" by the South African Reserve Bank.

If you have any questions, please feel free to contact the Currency Derivatives team on currencies@jse.co.za.

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