



## Market Notice

**Number:** Y763

**Date:** 27 October 2011

### **New Currency Future Can-do Contract (CAAR) – Call Option on Dollar/Rand subject to Knock-Out Barrier Option (Up and Out)**

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

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

#### **Summary Contract Specifications:**

<b>GENERAL TERMS</b>	
<b>Description</b>	Call Option subject to a Knock-Out Event (the Barrier Level in respect of the Knock-Out Event monitored continuously)
<b>Can-Do Name</b>	Can-Do CAAR
<b>Can-Do Code</b>	CAAR
<b>Underlying Instrument</b>	Rate of exchange between United States Dollars (USD) and South African Rand (ZAR)
<b>Contract Size (Multiplier)</b>	USD1,000 nominal
<b>Minimum Price Movement</b>	0.0001 (ZAR0.10)
<b>Currency Pair</b>	USD/ZAR
<b>Quotations</b>	In ZAR per 1 (one) USD rounded to four decimals
<b>Settlement</b>	Cash Settled in ZAR



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

<b>Mark-to-Market</b>	Explicit Daily: The forward value of the arithmetic average of the traded Underlying Instrument observed for a 5 minute period between 16:55 and 17:00 Johannesburg time.
<b>Exchange Fees</b>	Sliding Scale – See below
<b>Initial Margin</b>	ZAR46.00 (as determined by the JSE on a monthly basis)
<b>Class Spread Margin</b>	ZAR20.00
<b>V.S.R.</b>	2.5
<b>Trade Date</b>	The date the Can-Do option position is first opened on the JSE
<b>Business Day</b>	Any day on which banks are open for business in Johannesburg and currency prices are published by the JSE.
<b>Option Style</b>	<p>For the Call Option: European, meaning that the rights granted under the call option contracts are exercisable on the Expiration Date at the Valuation Time</p> <p>For the Knock-Out Event: American, meaning that the trading of the Underlying Instrument (for the Minimum Barrier Amount) is monitored in the foreign exchange market open continuously during each week of the term of the option, from 5:00 a.m. Sydney time on a Monday in any week to 17:00 (5:00 p.m.) New York time on the Friday of that week.</p>
<b>Initial Reference Level</b>	As agreed by the Long Party and the Short Party on the Trade Date
<b>Long Party</b>	The holder of the long position in respect of the Currency Future Can-do Contract
<b>Short Party</b>	The holder of the short position in respect of the Currency Future Can-do Contract
<b>TERMS &amp; CONDITIONS</b>	
<b>Option Type</b>	Call Option subject to an up-and-out Knock-Out Event (the Barrier Level for the Minimum Barrier Amount in respect of the Knock-Out Event is monitored continuously as set out above) – if the Barrier Level (for the Minimum Barrier Amount) is touched or breached during the observation period, the call option is terminated (i.e. knocked out)
<b>Buyer</b>	The party that is the Long Party to the Can-Do option

<b>Seller</b>	The party that is the Short Party to the Can-Do option
<b>Strike Price</b>	ZAR8.0000 / USD1.00
<b>Barrier Level:</b>	ZAR9.0000 / USD1.00 (if the Underlying Instrument trades in respect of the Minimum Barrier Amount during the observation period at any time at a level of ZAR9.0000 / USD1.00 or higher, the call option terminates)
<b>Minimum Barrier Amount</b>	USD3,000,000 (three million United States Dollars)
<b>Knock-Out Event</b>	A Knock-Out Event will only be deemed to have occurred in the event the JSE in accordance with its discretion determines that a foreign exchange transaction has occurred at any Knock-Out Valuation Time during the Knock-Out Determination Days for the purchase of a minimum notional amount of USD3 Million against the payment of ZAR at a currency exchange rate for the Currency Pair (as published by the Exchange) equal to or higher than the Barrier Level.
<b>Consequences of Knock-Out Event</b>	If in respect of the Minimum Barrier Amount the Underlying Instrument is traded on any Knock-Out Termination Date at any Knock-Out Valuation Time above the Barrier Level, the Option Transaction will automatically terminate and all option contracts will be closed out on the JSE at zero value and the initial margin will be returned to the Buyer and the Seller.
<b>Knock-Out Determination Days</b>	From (and including) the Trade Date to (and including) the Expiration Date at the Valuation Time, each day of each week during the term of the option, from 5:00 a.m. Sydney time on a Monday in any week to 17:00 (5:00 p.m.) New York time on the Friday of that week.
<b>Knock-Out Valuation Time</b>	From (and including) the Trade Date to (and including) the Expiration Date at the Valuation Time, any time during a Knock-Out Determination Date, determined in respect of each day of each week during the term of the option, from 5:00 a.m. Sydney time on a Monday in any week to 17:00 (5:00 p.m.) New York time on the Friday of that week, monitored on the Reuters D3 system.
<b>PROCEDURE FOR EXERCISE</b>	
<b>Expiration and</b>	19 December 2011

<b>Valuation Time</b>	10:00 a.m. New York time (i.e. 17h00 Johannesburg Time)
<b>Reference Price</b>	The closing currency exchange rate for the Currency Pair observed by the JSE on the Valuation Time and Expiration Date.
<b>Automatic Exercise</b>	Applicable, meaning that if the Reference Price is equal to or in excess of the Strike Price at the Valuation Time on the Expiration Date, the related option contracts will be deemed automatically exercised
<b>Cash Settlement</b>	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 Options held on the Expiration Date at the Valuation Time
<b>Option Cash Settlement Amount</b>	An amount equal to the number of Options exercised on the Expiration Date at the Valuation Time multiplied by the Strike Price Differential, multiplied by the Multiplier.
<b>Strike Price Differential</b>	An amount equal to the greater of: a) the Reference Price minus the Strike Price; and b) zero.

**Exchange Fees – Sliding Scale Fee Structure:**

<b>Sliding Scale – Number of contracts traded</b>	<b>Option Trading Fee per contract</b>
1 – 999	R0.64
1,000 – 4,999	R0.55
5,000 – 7,499	R0.46
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%.

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

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