



Market Notice

Number: A1212A
Date: 26 March 2010

Changes to the CORN options expiration methodology

Options on the CORN Futures contract were first enabled in June last year on two expiry months only, namely the Dec09 and Mar10 expiries, to allow the JSE the flexibility to tweak the contract specifications should this be required in due course. A total of 67 option contracts traded on these expiries whilst the JSE received various suggestions to tweak the option expiration methodology going forward.

The volume of futures contracts traded has increased substantially in the recent months with open interest currently over 3000 contracts. The JSE has received renewed interest in enabling options on the CORN futures contract and has agreed to tweak the option expiration methodology to mirror the CBOT settlement process.

The enhanced methodology, whilst mirroring the CBOT option expiration calendar, will also ensure that NUTRON option premiums are accurately calculated to the specific South African expiry date. Similar to the grains options market, the options will expire PRIOR to the futures last trading day. All options in-the-money will be automatically exercised into futures contracts based on the published futures mtm price on options expiration day. Should the CBOT assigned option expiration day be a holiday in South Africa, the business day prior will be used for the CORN option expiration date.

As an example, the options and futures for the July 2010 will expire as follows:

- Options expire at 12h00 on the 25th June 2010,
- Futures last trading day will be the 29th June 2010, with the final cash settlement value determined that afternoon/evening based on CBOT trading activity
- The clearance date for the futures contract will be the 1st July 2010 at which time all initial margins will be returned.

A detailed CORN trading calendar is available on this link:

<http://www.jse.co.za/Markets/Commodity-Derivatives-Market/Commodity-Derivatives-Trading-Calendar-Corn.aspx>

Please find attached the option contract specifications with the updated expiration methodology, options on all listed expiries will be activated for trading as from **Tuesday morning 30th March 2010**.

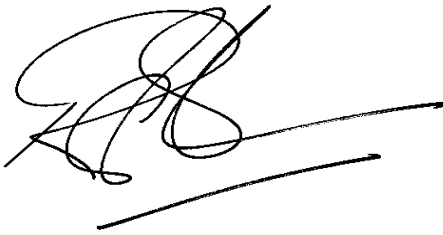


JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

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Should there be any further queries regarding the changes please feel free to contact the Division on 011 5207535 or email commodities@jse.co.za .

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Rod Gravelet-Blondin

Designation	Senior General Manager
Division	Commodity Derivatives Division
Tel	+27 11 520-7258
Fax	+27 11 520-7558
E-mail address:	RodGB@jse.co.za

Distributed by the Company Secretariat +27 11 520 7591