



Market Notice

Number: A1250
Date: 12 July 2010

Auctioning off of Safex silo receipts tendered for physical delivery

Further to notice A1229 and the implementation of the functionality to auction off Safex silo receipts tendered in completion of a short position on Monday 28 June 2010, the JSE has further refined the process as follows:

- The auction will close randomly in the last 60 seconds, clients can therefore expect the auction to close anytime between 12h59 and 13h00
- Auction bids that are entered may be suspended up until 12h30 during each bidding session however in the last 30 minutes of the auction NO BIDS may be suspended thereby ensuring all participants bids remain valid until the close of the auction
- The JSE has identified two software issues that prevents members from bidding under specific scenarios, to correct this please will all clients who make use of the silo receipt auction functionality copy the following *sxhndglob.dll* file to their running directory. The file can be found at www.safex.co.za/pub under the folder Nutron_Auctionfix (http://www.jse.co.za/DownloadableDocuments/Safex/NUTRON_AuctionFix/sxhndglob.dll)

Since the introduction of the auctioning functionality, we have received a number of queries around the process, to assist all users please review the below comments:

- Short position holders who have tendered physical delivery are not in a position to suspend their delivery notice however under the following two scenarios locations may be visible during the auction but then not allocated at the end of the period due to one of the following reasons:
 - If a short position holder captures the delivery notice and then only informs the exchange of an Exchange for Physical (EFP) with a nominated long position holder – this will be processed before all auction bids are recognised. Therefore in this instance silos which are part of an EFP will show on the auction screens but will be excluded during the allocation period. New EFP functionality does exist that should the short position holder identify the EFP before the delivery notice is confirmed, these silos are then excluded from the auction screens.
 - If a short position holder gives notice and then trades out of their net short position before the end of the trading session, this will result in the delivery notice being cancelled and all



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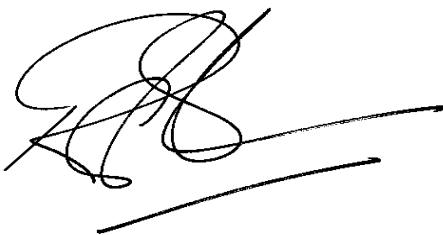
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tonnages from silos that were available on the auction will be ignored during the auction allocation process.

- The Safex silo receipt auction functionality in its current state only allows existing long position holders to bid and so the process is only available to existing futures position holders. We appreciate clients support for functionality that will allow them to post offers as well as bids on underlying locations, thereby removing the requirement to link back to an existing futures position and in essence providing for a transparent cash market facility for Safex silo receipts. This functionality is currently under investigation.

Other than the above required .dll fix, the JSE is in the process of correcting identified functionality issues (sub account allocation and feedback of all silos tendered) specific to the auction process and will be correcting this on our side tomorrow evening with a scheduled release.

If there are any further questions please do not hesitate to contact the Commodities Team or email commodities@jse.co.za



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