

1 | Contract Specifications – CBOT Wheat Futures

FUTURES CONTRACT	CBOT WHEAT
Trading system code	REDW
Trading Hours	09h00 – 12h00 South African time (Monday to Friday except national holidays).
Underlying Instrument	A Soft Red Winter wheat futures contract meeting all quality specifications as listed and traded on CBOT, a subsidiary of the CME Group Inc. The JSE reserves the right to amend the contract specifications including settlement methodology should these be amended by the reference exchange.
Contract Months	March, May, July, September and December.
Listing Programme	Ensure a minimum of three expiries are always available for trade.
Expiry Dates & Times	Last trading date of the contract will be the second last business day preceding the first business day of the contract month at 12h00 South African time. The clearance date of the contract will be the first business day of the contract month. The final cash settlement value will only be finalised and released the following business day after trading has ceased. The final variation margin will therefore be settled one day after last trading day and initial margin returned on the clearance day. The clearance day can further be defined as the day on which all remaining open positions are closed off automatically by the clearing application.
Determination of the final Cash Settlement Value	The final settlement price for cash settlement of the contract will require two components, a CBOT settlement value and a Rand Dollar exchange rate. The CBOT settlement value will refer to an average of 30 iterations referencing trades in the underlying derivative contract, taken every 1 minute for a period of 30 minutes ending 10h30 Chicago time (SA Summer: 18h01-18h30 and SA Winter: 17h01-17h30) on 1st position day, as per the CBOT product calendar. The average price will then be converted from bushels to tonnes using the conversion factor of 36,7437. <i>1st Position day can be defined as second business day preceding the first business day of the traded expiry month. Eg 29 November 2011 for the Dec 2011 expiry.</i> The Rand Dollar exchange rate required to determine the settlement price in South African Rands per ton will be finalised via the same methodology as per the currency futures contracts, refer to 30 iterations, arithmetic average of the underlying spot taken every 1 minute for a period of 30 minutes, ending at 10h00 New York time (SA Summer: 16h31-17h00 and SA Winter: 15h31-16h00). The bushels to ton conversion ratio is 36,7437. On the morning after the last trading day of the REDW contract, the JSE will publish via the trading system (NUTRON) the final cash settlement value. For a detailed example of the settlement process please select the specific product on the JSE web page www.jse.co.za/commodities
Contract Size	1 contract = 50 metric tons.



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Quotations	In South African currency per metric ton.
Minimum Price Movement	20 RSA cents per ton.
Settlement Method	Cash settled in South African Rands (ZAR).
Initial Margin Requirements	As per the published notice The exchange also provides for calendar spread margin (offset between different expiry months) as well as series spread margin (considering the local wheat (WEAT) open position to CBOT wheat (REDW). It is important to include the difference in the initial margin requirements when determining the total spread position (difference between the two wheat contracts initial margin must be added to the series spread to determine total margin requirement).
Daily Mark-to-market	As per the existing Commodity Derivatives mtm process referencing bids, offers and trades on the local South African contract. <i>JSE reserves the right to consider the CBOT mtm price from time to time to align expiries that are not liquid.</i>
Exchange Fees	R10.00 per contract (incl VAT).
Daily price limits	No price limits will be applicable.
Position Limits	No speculative position limits apply however the JSE may at its discretion implement limits as per Rule 10.4 and defined in the Derivative Directives.
Volatility Scanning Range	3.5
Qualifying Audience allowed to participate	<ul style="list-style-type: none"> - Individuals and Foreigners have no limits. - Corporate entities have no limits. - Pension funds and long term insurance companies subject to their 25% foreign allocation limits - Asset managers and registered collective investment schemes subject to their 35% foreign allocation limits.
Trade types accommodated	All trading activity (bids and offers) must be entered onto the central order book during trading hours however the JSE will accommodate the following report only trade types provided they meet the existing criteria: <ul style="list-style-type: none"> - Exchange for Physicals (EFP's) - Exchange for Risk (EFR's)



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	<ul style="list-style-type: none">- Ring Fenced trades (RF's)- Net-off of positions applicable to the same legal entity <p>One other exception will be considered, due to the market only trading between 09h00 and 12h00, the JSE will accept reported transactions specific to the REDW contract outside of the standard trading hours as agreed between registered counterparties. A minimum contract volume of 50 contracts will be applicable. These transactions should be reported to the JSE before 07h30 the following morning and must be market related – the transactions will then be captured as a report only and will reflect under volumes matched before the market opens.</p>

2 | Contract Specifications — Options

OPTIONS CONTRACT	CBOT WHEAT
Underlying Instrument	One Chicago Wheat futures contract.
Option Type	American style options.
Contract Size	One contract = 50 metric tons.
Contract months	March, May, July, September and December.
Price quotations	Options will be quoted in Rands (ZAR) per contract
Strike price	R 20.00 per ton strike price intervals.
Expiration of trading	The JSE will mirror the option expiration dates as per the CBOT trading calendar except trading will stop in line with REDW (local SA) trading times. Should the CBOT option expiration day be a holiday in South Africa, then the business day prior will be used. The options trading period will expire at 12h00 South African time referencing the REDW futures trading activity for the mtm price on the day. Eg: Dec2011 Options expire on the 25 th Nov, Futures will expire 29th Nov, Futures clearance date will be 1st Dec.
Option exercise criteria	Options are American style with the long position holder able to exercise the option position at any time during trading hours up to and including the expiration date. All in the money options will be automatically exercised by the JSE.
Daily mark-to-market	JSE will determine the daily m-t-m in accordance with the defined processes.
Settlement method	In the money options will expire into futures positions which will be cash settled on last trading day in South African Rands (ZAR).
Exchange fees	R 6.00 per contract (incl Vat), all options exercised into futures will not be charged a JSE fee, if exercised early the trades should not be included in any post trade activity to realise this benefit. Options that are abandoned will be charged the above option fee.