



## Market Notice

**Number:** A1374  
**Date:** 22 February 2011

---

### Random allocation algorithm for physical deliveries in completion of a futures contract.

Further to the proposal distributed via notice A1309 in October last year to amend the random allocation algorithm for all grain products physically delivered, no negative feedback was received and following support by the Agricultural Advisory Committee the new methodology will be implemented as from **Monday 28 February 2011** applicable to the March 2011 delivery month.

To summarise, find below the new random allocation process applicable to all Safex silo receipts remaining available after the silo receipt auction period has expired:

- The methodology will move away from allocating per delivery notice but rather allocate **PER SILO RECEIPT** regardless of the number of silo receipts per delivery notice. This will result in a significant increase in the number of assignment notices generated however the exchange would continue to process this within the current delivery time and cost framework
- The allocations per silo receipt will be randomly allocated to any position holder who has a position equal to or greater than the position as represented by the Safex silo receipt tendered eg if a 500ton maize receipt is tendered, all position holders who have 5 or greater futures positions could be randomly allocated the silo receipt
- The maximum tonnages that a Safex silo receipt may represent will be limited to 1000 tons
- If no position exists that is equal to or greater than the Safex silo receipt tendered, the silo receipt will be split into the standardized contract size and allocated on an individual basis eg a 1000 ton maize receipt will be split into 100ton lots and randomly allocated

The above random allocation methodology will also be available for future reference on the physical delivery information page as per this web link: <http://www.jse.co.za/Markets/Commodity-Derivatives-Market/Commodity-Derivatives-physical-delivery-info.aspx>

If there are any further questions please feel free to contact the Commodities Team.

### Rod Gravelet-Blondin

**Designation** Senior General Manager  
**Division** Commodity Derivatives Division



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

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

Tel +27 11 520 7258  
Fax +27 11 520 7558  
E-mail address: [rodgb@jse.co.za](mailto:rodgb@jse.co.za)

**Distributed by the Company Secretariat +27 11 520 7591**