

## Market Notice

**Number:** A1832  
**Date** 20 June 2013

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### Confirmation of the commodity option close out process and determining the futures mark-to-market

To ensure market participants are all on the same page in terms of the option close out process for physically settled grain contracts versus the cash settled commodities, please take note of the following:

- All cash settled commodities that are available under license from the CME Group and where options expire earlier than the futures expiries, the JSE will determine the final mark-to-market (mtm) value in accordance with the daily mtm process and **WILL NOT** move the process earlier on option close out day. So for example to Jul13 CORN options that expire tomorrow – 21 June 2013, the mtm methodology as applied between 11h55 and 12h00 South African time will apply in order to determine the final mtm value for option close out. For the cash settled metals or energy contracts where the futures and options expire on the same day, the final cash settlement value as per the defined methodology will apply.
- For all physically settled grain contracts, the mtm process on option close out day **WILL MOVE EARLIER** by 30 minutes to take place between 11h25 and 11h30 in accordance with the published mtm methodology. So to be clear the Jul13 option expiry for WMAZ, YMAZ, MSOY, WEAT, SUNS, SORG on Monday 24 June 2013 as in the past will take place 30 minutes earlier. The process is described in a document under our educational reference material section or per this link:

[http://www.jse.co.za/Libraries/SAFEX\\_AP\\_Options\\_Close\\_out\\_Procedure/Options\\_close-out\\_procedure.sflb.ashx](http://www.jse.co.za/Libraries/SAFEX_AP_Options_Close_out_Procedure/Options_close-out_procedure.sflb.ashx) .

Due to the spread trading activity of some grain products vs cash settled products eg WMAZ vs CORN, on option close out days when the grains mtm is moved earlier, the cash settled products loaded in the same trading category (eg AGRIF) will find the futures mtm determined during the same time frame. So this currently applies to CORN, REDW, KANS and the CBOT soybean complex products.

We trust this communication is clear, if there are any remaining questions please do not hesitate to contact the Commodities Team in advance of the option close out days



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