



**MARKET NOTICE**

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**SUBJECT:** INTRODUCTION TO MARCH 2015 SHORT-DATED NEW CROP (SDNC) OPTIONS FOR WHITE AND YELLOW MAIZE

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Dear JSE Stakeholder

**Introduction to March 2015 Short-Dated New Crop (SDNC) options for white and yellow maize**

The March 2015 short dated options will be listed for trading on Friday 11 August 2014:

Short-Dated New Crop Option	Underlying Futures	Short-Dated New Crop Option Contract Months
White Maize	July 2015	25 March 2015
Yellow Maize	July 2015	25 March 2015

To recap the SDNC options provide a convenient alternative strategy for those trading new season crops in that producers can experience the benefits of hedging with options at reduced premiums and without having to take an outright futures position in the main harvesting month. The SNDC option will track a main hedging month however will expire into a specific future expiry, roughly three months earlier, providing protection over the traditional volatile weather market. For more information on Short-Dated New Crop (SDNC) options PLEASE REFER to Notice A1898A

The JSE is investigating how these SDNC option positions can be included with July15 positions specifically for margining purposes however on introduction date please note the SDNC option positions will be recognised as



separate and will not include any delta positions held in July15. Once we have more detail around this we will communicate the progress to the market.

### Contract Specifications

	Short-Dated New Crop (SDNC) White and Yellow Maize Options
Underlying Contract	July WMAZ and YMAZ contracts
Symbols	White maize –WMNC Yellow maize – YMNC
Strike Price Interval	R20
Tick Size	As per the current option contracts which is 1 cents per ton
Daily Price Limits	None applicable on options, the standard price limits will apply to the July futures contract
MTM Process	The July future price will be referenced each day whilst the mtm volatility will be determined based on trading activity in accordance with the published daily mtm process
Contract Months	March
Expiry date and time	At 11h30 on the 5 <sup>th</sup> last business day of the March expiry Month
Exercise Style	European style options will be available where the buyer will not be able exercise or abandon any options early, options that are in the money on expiry date based on the published July futures closing level, referencing a VWAP of July futures trading activity between 11h15 and 11h30 on the expiry day, will determine the options in the money and these will be automatically exercised by the JSE following market close. The March options exercised will result in a July futures position. The July future closing level specific to the SDNC option close out will be published to the market as soon as possible striving to have this level out via a NUTRON ANNOUNCEMENT BY 11H35 ON THE DAY
Trading Hours	9h00 to 12h00 CAT, Monday to Friday
JSE Fees	R13/contract (VAT Incl) All options that expire in the money and result in a July futures position will not be charged a fee at expiration in line with existing option close out principles.