



## JSE AGRICULTURAL PRODUCTS MARKET NOTICE

Number **A728**

Date **09 November 2006**

### Realignment of Trading Fees on the Agricultural Products Division of the JSE Limited

In order to encourage the then members of the Agricultural Markets Division of SAFEX to participate more actively in the market and to give them a benefit for their initial support of the market it was decided in August 1999 to introduce differential pricing whereby members trading on their proprietary accounts would benefit from a reduced trading fee. Trading fees for members trading as principal were reduced by 50% as from 2 August 1999. The differentiation in trading fees between "members" and clients has been maintained, although the actual fees have been amended since that date. See table below.

Date	Grain Futures (c per ton/inc VAT)		Grain Options (c per ton/inc VAT)	
19/2/96	45,6		No Options	
30/1/98	45,6		22,8	
1/1/99	34,2		17,1	
	<i>Members</i>	<i>Clients</i>	<i>Members</i>	<i>Clients</i>
2/8/99	17,1	34,2	8,55	17,1
1/3/00	15	30	7,5	15
1/7/00	10	25	5	12,5
1/1/04	10	20	5	10

Since the ownership structure of the JSE has changed with demutualization and the resultant separation of ownership and trading rights, it is difficult to justify a differentiated fee structure and it makes economic sense for fees to be equalized.

The primary function of the derivatives market is to facilitate the trading of futures and options contracts to enable the hedging of positions in the underlying agricultural market. A realignment of fees should therefore be aimed at making such activity more reasonable to the participant in the market and thus should be integral to the objective of increasing the trading of contracts on the market.

A secondary function of the market is to facilitate the physical delivery of product in completion of a futures contract. Participants deliver through the market either because of the efficiency thereof or as a last resort. A large amount of time of the division is taken up with the physical delivery process, receiving and dispatching silo certificates, administering the silo receipts and engaging with silo owners and transporters. An increase in the delivery fee would also result in a better cost distribution of the Division's work load.



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**Executive Directors:** RM Loubser (CEO), NF Newton-King,

LV Parsons, JH Burke, G Rothschild **Non-Executive Directors:**

HJ Borkum (Chairman), AD Botha, MR Johnston, RJ Khoza,

ST Koseff, W Luhabe, A Mazwai, SN Nematswerani, N Payne,

G Serobe **Alternate Directors:** A Horowitz, DM Lawrence

**Company Secretary:** GC Clarke



After an extended review and detailed investigation the JSE Agricultural Products Division have decided to realign the trading fees levied. This will result in doing away with the differentiated trading fee structure and charging equal fees to "members" and clients on the Agricultural Products Division of the JSE. Although trading fees for "members" will increase,

the trading fees for clients for both futures contracts and options contracts will decrease by 40%. To reflect the correct cost allocation and to highlight the primary function of the exchange as against deliveries, the delivery fee will increase.

As from 1 Jan 2007 the trading fees to be applied to transactions carried out on the JSE Agricultural Products Division will be as follows:

Date	Grain Futures (c per ton/inc VAT)	Grain Options (c per ton/inc VAT)	Delivery (c per ton/ inc VAT)
01/01/2007	12	6	100

Regards,

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