

## Market Notice

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### Introduction of a deliverable thermal coal contract on the JSE Commodity Derivatives Market

*Please feel free to distribute to any interested parties.*

After consulting with a number of market participants over the past 18 months, the JSE is pleased to announce its intentions to introduce a 500 metric tonne deliverable coal futures contract on the exchange. Draft contract specifications including the delivery procedure and requirements for Inland Coal Terminals (ICT) are attached to this notice for final comment.

We are confident the introduction of an Mpumalanga referenced deliverable coal contract will provide market participants access to a local price risk management platform that will also add to local price discovery around this particular basis point.

Critical to the success of this process is the availability of coal sidings to be registered as JSE-approved coal delivery points in completion of the futures contract. Thus far Makoya Group and their Blinkpan siding have agreed to offer their services as an approved ICT. The JSE is in discussion with other potential ICT to register additional delivery points in the Mpumalanga Province. It is proposed all delivery points trade at par with no single reference point and therefore no location differentials. We welcome more participants in this space, please feel free to contact either Raphael Karuaihe at (011) 520 7258 or myself at (011) 520 7299 if you are interested in becoming a storage participant.

Section 2 of the contract specification provides details of the future and option contract including indicative initial margin requirements based on the JSE's existing margining methodology. The same section also provides the proposed JSE trading costs. Physical delivery fees will be confirmed following discussions with various analysis companies.

We kindly request all interested parties to review the attached contract specifications and provide comments no later than Thursday 5 September 2013. The JSE is currently consulting with all interested Clearing Members to confirm their support for this new product that will be introduced to the Commodity Derivatives Market and aims to revert back to the wider market during the week of 9 September with a potential introduction date for the new contract.

Please feel free to distribute this market notice to any interested parties, comments can be emailed to [commodities@jse.co.za](mailto:commodities@jse.co.za). We appreciate and value your support together with the opportunity to review the feedback to ensure we introduce a coal contract that is relevant and adds value to the market place.

Sincerely,



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