

## Market Notice

**Number:** A1874  
**Date** 20 September 2013

### Update on the introduction of a deliverable thermal coal contract

The JSE is pleased to confirm things are progressing regards the introduction of a 500 metric tonne deliverable coal futures contract on the JSE. We have confirmed approval to proceed from all the commodity derivatives clearing members except for one who expects their internal processes to be completed during the first week of October. They will then be able to confirm their position regards clearing coal transactions.

Following our interaction with the clearing members, the JSE has agreed to move the notice day earlier to the Monday **prior** to expiry day. We will therefore require short position holders who intend to make physical delivery to provide the JSE through their registered member firm all the required supporting documentation to confirm their intentions one week prior to expiry day. All other short position holders who do not provide the required supporting documentation will be carefully managed by each risk officer to ensure their positions are rolled or closed out before the expiry day one week later. Short position holders who have tendered notice of delivery may still unwind positions during the remainder of the trading period if they so wish however following expiry day all notices of delivery will then be matched up with remaining long position holders.

In addition to the above change, the JSE has also agreed that all give up business that is transactions that are executed by one member firm and assigned to another on the same day will not attract any JSE fees. We confident this will assist with the further development of the contract and encourage additional activity for those members executing for clients who prefer to clear business through other member firms. This will only be applicable to the COAL contract. Members are encouraged to consult with their clearing member regards the process from their side. Since our current system design does not cater for this change a manual process will be put in place with the operations team to assist with this. More details will be communicated once we list the product.

Following discussions with various market participants, once we receive final feedback from the remaining clearing member the JSE will commence with the following series of expiry months: Dec13, Jan14, Feb14, Mar14, Apr14, May14, Jun14, Sep14 and Dec14 with options available on the Dec13, Mar14, Jun14, Sep14 and Dec14 expiries.

Further to the published contract specifications, the JSE is delighted to confirm we have received two applications from Inland Coal Terminal's (ICT) both situated close to Emalahleni, herewith the details of the two applicants:

<b>Makoya Supply Chain Holdings (Pty) Ltd, registration number 2005/040505/07</b>	
ICT name and location	<b>Blinkpan siding, Haasfontein - Mpumalanga</b>
Rail siding #	<b>702404</b>
Closest main road	<b>R542</b>
Total stockpiling capacity	<b>200 000 tons</b>
Out loading rate per hour	<b>2100 tons per hour</b>



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**Executive Directors:** NF Newton-King (CEO),  
A Takoordeen (CFO)

**Non-Executive Directors:** HJ Borkum (Chairman), AD Botha,  
MR Johnston, DM Lawrence, A Mazwai, Dr. MA Matooane,  
NP Mnxasana, NS Nematswerani, N Nyembezi-Heita, N Payne

**Alternate Directors:** JH Burke, LV Parsons

**Company Secretary:** GC Clarke

<b>Validtrade 2013 (Pty) Ltd, registration number 2011/104580/07</b>	
ICT name and location	<b>Clewer siding, Clewer railway station, Keerom Road, Clewer - Mpumalanga</b>
Rail siding #	<b>861529</b>
Closest main road	<b>R544</b>
Total stockpiling capacity	<b>50 000 tons</b>
Out loading rate per hour	<b>1600 tons per hour</b>

In accordance with the contract specifications, market participants have until **Friday 11 October to lodge any concerns** regarding their application as registered ICT – please send through all correspondence to [commodities@jse.co.za](mailto:commodities@jse.co.za)

The JSE envisages sending through another status update during the week of 7 October and aims to be in a position to confirm the introduction dates of the COAL expiries by then. We encourage members to consult with the clients and clearing member before this time to address any administrative issues they may have. Please also raise any remaining concerns regarding the proposed contract specifications.

Feel free to contact the commodities team should you have any further queries.



**Chris Sturgess**

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