

MINUTES

HEADING: AGRICULTURAL ADVISORY COMMITTEE MEETING

Date: 20 June 2019
Time: 13h15
Venue: Serengeti Meeting Room

Present:

Dr. R Karuaihe	- Chairman
Ms. M Purnell	- Agbiz Grain
Dr. D Strydom	- GrainSA
Mr. C Schoonwinkel	- GrainSA
Dr. K Keyser	- Brisen/AFMA
Mr. J Theron	- Polarstar Fund Management
Mr. W Martens	- CJS Securities
Mr. H Grobler	- Zargoscape
Mr. F Geldenhuys	- Representing GWK
Mr. H Smit	- BVG Commodities
Mr. J Du Toit	- RMB
Mr. A van den Berg	- RMB
Mr. H Mulder	- RMD
Mr. S Janse van Rensburg	- BSEC
Mr. D Dannhauser	- Representing NCM
Mr. S Keetse	- FSCA
Ms. D Nemer	- JSE Director: Capital Markets
Mr. T Saayman	- JSE Post Trade
Mr. P du Preez	- JSE Post Trade
Mr. M Ngcobo	- JSE Post Trade
Mr. J Shayi	- JSE Market Regulation
Dr. K Muganiwa	- JSE Market Regulation
Ms. Z Dastile	- JSE Capital Markets
Mr. C Sturgess	- JSE Capital Markets
Ms. A Matutu	- JSE Capital Markets
Mr. V Mpumza	- JSE Capital Markets

Apologies:

Mr. R Olwagen	- BVG Commodities
Mr. M Riba	- JSE Information Services
Mr. P Faure	- CJS Securities
Mr. P Jackson	- NCM/RCL Foods
Mr. L Joseph	- Cargill
Mr. P Lovelace	- SAOPA/CEOCO

WELCOME:

Dr Karuaihe welcomed all attendees and thanked them for their participation.

1 CONFIRMATION OF MINUTES:

The Minutes of the previous meeting were accepted and approved, subject to changes made.

2 MATTERS ARISING FROM PREVIOUS MEETINGS:

2.1 Prof Roberts Report

Dr Karuaihe gave feedback on Prof Roberts's report which was circulated to the market for comments. It was noted that special meeting will be arranged to provide feedback on the ultimate decisions the JSE will be taking. Dr Karuaihe emphasized that the final date for comments has been moved to the 29 July 2019 to allow enough time for the industry to comment.

The meeting for feedback session pencilled for 1 August 2019.

2.2 Calendar Spread Margins

Cognisance was taken of the content of a presentation made by the JSE Risk team regarding calendar spread margining methodology (**Annexure A**). The document has been circulated to JSE Clear Risk Committee for vetting and once approved then the methodology will be implemented.

This was acknowledged by the Committee members.

2.3 Update on upcoming rules and regulations

It was noted that –

- JSE Market Regulation is not ready with any document on rule changes
- Clarification is needed on rule 7.110 of the derivatives rule book - pre-arranged trading
- Clarification is needed on rule 10.4 definition of a hedge
- Implementation of the DOT and SOT rules – timelines
- Dealer registration – RMD

Resolution –

- JSE Business and Market regulation to convene to address the issues raised.

2.4 COT Report

It is noted that the market needs guideline on how this report will be handled. Mr Keetse highlighted that the enabling legislation is there however the issue is putting it on the right place.

Resolution –

- JSE business and legal to convene about incorporating this report under JSE Derivatives Rules
- Leave this as a standard item and give feedback as we go.

This was acknowledged by the Committee members.

3 TRADING AND SETTLEMENT ITEMS:

3.1 Update from Wheat forum

- Grading Specifications

Dr Karuaihe gave feedback on his meeting on with Wheat Steering Committee. Dr Karuaihe reiterated that the JSE will continue to trade the current published grading specifications if no consensus is reached come the new marketing season. Dr Strydom confirmed that implementation date for the new grading is 1 October 2019 however will keep the JSE up to date with the process.

- Origin discounts

It is noted that there is consensus that the origin discount on foreign wheat should be reintroduced on JSE, but the actual levels of the discount needs to be determined. The JSE submitted a paper grain industry for comment on the methodology and still awaiting for feedback. The industry still needs to decide on a formula to use for calculation.

The JSE will get conclusion on the August meeting for a way forward with regards origin discounts.

3.2 Proposal to mark option volatility to the observed skew instead of current flat surface

Cognisance was taken of the content of a presentation made by Mr. Grobler regarding proposal to mark option volatility to the observed skew instead of the current flat surface (**Annexure B**).

The proposal was supported by committee members and it was recommended that JSE valuations come up with a proposal. It was further recommended that the pilot test be carried out on the most liquid products like white and yellow maize. The JSE Valuations team took note.

4 GENERAL:

4.1 Update on Soymeal and Sunflower meal contracts

Dr Karuaihe reported that there is a hold up from the crushing facilities to get the quantities to register for deliveries even though there has been progress from various crushing facilities. He further added that by month-end things should be collated and ready to submit to the JSE.

This was acknowledged by the Committee members.

5 PROPOSED MEETING DATES FOR 2019:

Thursday 22 August 2019

Thursday 21 November 2019

Dr Karuaihe thanked the committee for their input and called the meeting to a close.