

MARKET NOTICE

Number: 011A/2016
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 12 January 2016

SUBJECT: DRAFT CONTRACT SPECIFICATIONS FOR THE PROPOSED ZAMBIAN WHITE MAIZE, WHEAT AND SOYA BEAN CONTRACTS

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The JSE has for some time been working towards introducing derivative contracts to be traded and settled in US Dollars for Zambian white maize, wheat and soya bean contracts. This process has involved extensive consultation with the Zambian agricultural community coordinated through ZAMACE with whom the JSE entered into a co-operation agreement in December last year. The JSE is delighted to be working with ZAMACE to develop this new market place.

The intention is that the three new deliverable products will operate in a similar fashion to our existing grain products except there will be registered delivery points in Zambia and the trading and settlement will not take place in Rand but rather US Dollars. Access to these products will be possible through your existing Commodity Derivatives Membership provided you have applied to participate. Since these contracts will be facilitated in US Dollars and required the necessary SARB Approval (see Appendix G of the detailed contract specifications), members and qualifying clients will be required to apply for pre-approval to participate. We therefore encourage those members interested in participating either in the proprietary position or as broking member to send an email to commodities@jse.co.za with the following details:

- Name of the firm:
- Company registration number:
- Contact person:
- Contact details (tel and email):

Please could we receive similar information for all interested clients whom wish to participate, please be mindful that the dispensation specifically applies to non-residents and qualifying South African and other Common Monetary Area (“CMA”) corporate entities directly and actively involved in the agricultural grain industry, ie. grain traders, silo operators and end users (eg. Millers). Members must note that for clients to participate it is a condition that the member firm also be approved by the SARB. The JSE and Clearing Members through their Authorised Dealers will assist with this process including opening of the US Dollar settlement accounts.

Please could this information reach us as soon as possible with the intention that the first round of registrations be sent through to the SARB by 29 January 2016. Please take note, for this product set, participants will first have to receive pre-approval before they will be able to participate with access managed by the JSE systems. Those members signing up will then be kept updated around road shows and educational events in Zambia to encourage non-resident clients to also sign up as participants.

The JSE has been working with the Commodity Derivatives Clearing Members for some time now to prepare for the new product range and this will continue during Q1 of 2016 to ensure we have support from Clearing Members to accommodate those members interested in participating.

This market notice also serves as an invitation for any interested Storage Operators aiming to register delivery points in Zambia to approach the JSE for more information. The requirements for registration purposes are described in Appendix C and D of the detailed contract specifications. The JSE is already in discussion with potential storage operators.

Please find attached a copy of both the detailed as well as summary contract specifications for your input as we work towards finalizing these. Please send all feedback to commodities@jse.co.za or feel free to call me on +27115207039 to discuss these. Included in the attached documents are proposed expiry months, contract size, price limits, proposed JSE trading and delivery fees as well as initial margin indications, reference point of Lusaka is suggested. It is imperative this feedback reach us not later than middle February.

As soon as we have the support from some clearing members we will aim to proceed and list the products for trading. Should any software vendors want to test their systems regarding the new products, please let us know and we can make them available in our test environment. A number of tests have already taken place between Clearing Members, the JSE and (Electronic Silo Certificates) ESC who will be used to assist with the issue and transfer of warehouse receipts.

We look forward to your support for the new products and the opportunity to work with the Zambian Community to extend reach to include derivative contracts for guaranteed settlement and price risk management purposes.

For more details about ZAMACE, their contact details are included in the detailed contract specifications or alternatively visit their webpage www.zamace.co.zm

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>