
MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 212/2016
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 19 April 2016

SUBJECT: STORAGE OPERATOR APPLICATIONS SPECIFIC TO THE ZAMBIAN DERIVATIVES CONTRACTS
INCLUDING PROPOSED STANDARD STORAGE RATES AND LOCATION DIFFERENTIALS

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The JSE continues to work with Clearing Members as they secure their internal product approval in order for the JSE to progress the introduction of the Zambian derivative contracts.

Whilst this process is ongoing, the JSE would like to propose the following rates that will be applicable for delivery in completion of a futures contract. Market participants are welcome to provide input regarding these proposed rates:

Standard storage rate applied to outstanding storage when a JSE warehouse receipt is tendered for delivery:

White maize: Marketing season 1 June 2016 to 31 May 2017 at \$0.10 per ton per day
Wheat: Marketing season 1 Sept 2016 to 31 Aug 2017 at \$0.10 per ton per day
Soya beans: Marketing season 1 April 2016 to 31 March 2017 at \$0.10 per ton per day

Proposed grade discounts for wheat:

B1 will be traded at par,
B2 at a \$10 per ton discount
B3 at a further \$10 per ton discount

The proposed storage operators who will guarantee physical delivery as per the JSE warehouse receipts issued, including delivery points based on the requirements as published in the detailed contract specifications for the Zambian contracts are:

1. Zdenakie Limited, Zambian Reg # 51857, CEO – George Liacopoulos, George@zdenakie.com
2. NWK Agri- Services Limited, Zambian Reg # 112870, CEO – Pierre Lombard, pierre.lombard@nwkzambia.com
3. CHC Commodities, Zambian Reg # 4233, CEO- Chris Hawke, hawke@chc.com.zm
4. AFGRI Operations, RSA Reg # 1995/005872/07, CEO – Jacob de Villiers, Zambian entity providing storage services is AFGRI Corporation Limited, CEO – Wayne Wiid, ww@afgri.com.zm

Storage Operator	Storage Point	Closest main road	Registered JSE Capacity (tons)	Distance to Lusaka	Proposed Location Differential
Zdenakie Limited	GSS Complex, Mwembeshi Road, LUSAKA	Mumba Rd/ Lumumba Rd	3000	In Lusaka radius	\$0
Zdenakie Limited	GSS Annex, Mwembeshi Road, LUSAKA	Mumba Rd/ Lumumba Rd	6000	In Lusaka radius	\$0
NWK Agri-Services Limited	NWK KABWE	Great North Road	25000	145 km	-\$12
NWK Agri-Services Limited	NWK Grain Handlers MPONGWE	Mpongwe/ Luanshya Road	25000	328 km	-\$26
CHC Commodities	GSS Complex, Mwembeshi Road, LUSAKA	Mumba Rd/ Lumumba Rd	40000	In Lusaka radius	\$0
CHC Commodities	KAPIRI depot	Great North Road	20000	180 km	-\$15
AFGRI Operations	MKUSHI	Serenje/ Kapiri Road	68000	307 km	-\$26
AFGRI Operations	MPONGWE	Mpongwe/ Luanshya Road	40000	309 km	-\$26
AFGRI Operations	PETAUKE	Great East Road	40000	314 km	-\$26

The JSE's assessment of the above storage operators and sites remains ongoing, however whilst this is underway we welcome your feedback.

The proposed location differentials were calculated using the same methodology as applied to the Randfontein contracts, with the following input factors:

US\$ per-kilometre (\$PK) figure to a US\$ per ton (\$PT) using the formula below:

$$\text{\$PT} = \frac{\text{Distance} \times \text{RLF} \times \text{\$PK}}{\text{Payload}}$$

Where: Distance is the distance in Km to Lusaka (using Cairo Road as the centre of Lusaka and all points within 20km radius as par)

RLF is the return load factor (50% was applied)

\$PK is in US\$ per Km (\$5 was used) and

Payload is in tons (30 tons was considered as the norm)

All the above was discussed with a number of Zambian role players over the recent weeks, that said the JSE invites all market participants to consider the above and in line with our proposed contract specifications, participants have 15 business days to comment and therefore the **comment period closes 12 May 2016**. Please email your comments to commodities@jse.co.za

A final market notice will be distributed with the confirmed delivery points and contract specific storage and discounts.

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