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 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
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SUBJECT: **INTRODUCTION OF THE DEC16 WEAT EXPIRY MONTH AND CONTRACT TERMS FOR THE WEAT PRODUCT**

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The JSE refers to the extensive discussions with market participants regarding possible amendments to the contract specifications of JSE listed wheat futures contracts. As a result of the many and divergent views of market participants the JSE has decided that it will not amend the contract specifications of its listed futures contracts and the JSE will therefore continue to list the 2016/17 WEAT contract, with the existing contract specifications.

The JSE WEAT contract will therefore continue to reference grade B1 as the basis, with delivery accommodated of B2 and B3 grade relying on the current methodology to determine a 4% and 8% grade discount. Randfontein remains the reference point for the WEAT contract. The deliverable origins in completion of a futures contract remain unchanged for the coming marketing season.

The JSE has also considered the representations of certain market participants to remove the existing origin discount. The JSE has considered these representations and all other facts and information at its disposal and has decided that it will continue to apply the R100 origin discount applicable to delivery of wheat from specific origins.

The following will therefore remain in place for the period 1 October 2016 to 30 September 2017:

- Wheat from the following origins acceptable for delivery at a **ZERO** origin discount:
 - USA Hard Red Spring (Dark Northern Spring and Northern Spring wheat),
 - No 3 or better Canadian Red Western Spring wheat,
 - Australian Hard, Australian Prime Hard, Australian Prime White and Australian Standard White wheat
- Wheat from the following origins acceptable for delivery at a **R100 per ton** discount:
 - Argentina,
 - USA Hard Red Winter wheat
 - German Type A or B wheat
 - Ukraine

- Russia

The JSE has also been in discussions with industry participants and JSE registered storage operators to investigate the possibility of a guarantee of the quality of the wheat represented by a silo receipt, for a limited period. This will have the effect of minimising the risk of upgrading or downgrading of the quality of the grain for the buyer when it takes delivery of the wheat. This will obviously not detract from the storage operator's current obligations to guarantee quantity and quality of wheat, but will rather provide additional assurance to the buyer in respect of the quality of the wheat delivered. The JSE will continue to work with its registered storage operators to implement this initiative as soon as possible.

The standard storage rate, grade discounts and location differentials for the 2016/2017 marketing season will only be finalised closer to the new marketing season.

Participants are again reminded that the JSE trades the underlying grade of product as published by the Department of Agriculture, Forestry and Fisheries in South Africa, should any changes be made to these they will be applied to the applicable derivative contract(s).

With the above all confirmed, the **Dec16 WEAT** expiry month will be available for trading on Monday 15 February 2016.

Should you have any queries about this announcement, please contact commodities@jse.co.za

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