
MARKET NOTICEJohannesburg
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Number: 675/2015
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 4 November 2015

SUBJECT: AMENDMENT TO QUANTO PRODUCTS FINAL CASH SETTLEMENT METHODOLOGY

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Designation: Director Commodities & Key Client Management

Dear Stakeholder,

JSE has decided to further align our cash settlement process for Quanto products to allow for most efficient settlement price off the reference exchange. Although some products have quotation to 2, 3 or 4 decimal places, the final cash settlement calculation will be rounded to 4 decimal. The final cash settlement process will read as follows;

*The final settlement price for **cash settlement** of the contract will require only a CME Group component, denominated in ZAR. There will be no foreign exchange rate adjustments.*

*The CME Group settlement value (MTM) as published on the expiry date of the South African contract will be applied as the final cash settlement value. For details of the trading calendar please see the following link [http://www.jse.co.za/Libraries/Commodity_Derivatives_Products -
_Quanto_Futures_Options/Trading_Dates_Quanto_Futures.sflb.ashx](http://www.jse.co.za/Libraries/Commodity_Derivatives_Products_-_Quanto_Futures_Options/Trading_Dates_Quanto_Futures.sflb.ashx) .Due to the time difference the final cash settlement value published by CME will only be reflected the following business day (which is the clearance date) for the final cash settlement process for remaining position holders. This value will be released to the market by 08h30 the following morning and processed as the final settlement value during the end of day clearing run – no trading will be accommodated on this day. An example the last trading day for NOV15 QPLD is Tuesday 10 November 2015, on this day the contract will cease to trade. On Wednesday 11 November 2015 no trading activity will be accommodated. Further the final cash settlement value (the CME Group settlement value (MTM) for 10 November 2015) will be released to the market by 8h30 and processed on 11 November 2015 as the final settlement during the end of day clearing run also initial margin held by the exchange will be returned to all position holders.*

Should the ZAR expiry day fall on an unannounced CME non trading day, the final cash settlement will reference the next CME business days MTM.

The final ZAR settlement value will be rounded off to 4 decimals.

The final ZAR settlement value will be published via the trading system (NUTRON) the next business day and included in the end of day settlement prices.

In the event that any of the reference markets are not available to determine the final settlement value, the JSE will consider all relevant facts, information and circumstances to determine the final cash settlement value in order to ensure that it reflects a fair market value.

The following products will be affected;

Contract Name	Contract Code
Palladium Quanto	QPLD
Copper Quanto	QCOP
Gold Quanto	QGLD
Platinum Quanto	QPLT
Silver Quanto	QSIL
Brent Crude Oil Quanto	QBRN
Heating Oil Quanto	QHEA
Gasoline Quanto	QGAS
Natural Gas Quanto	QNAT
Sugar #11 Quanto	QSUG
Cotton Quanto	QCTN
Cocoa Quanto	QCOC
Coffee Quanto	QCFF
Corn Quanto	QCORN

The changes will be effective immediately

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