

MARKET NOTICE

Johannesburg
Stock Exchange

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www.jse.co.za

Number: 750/2015
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 30 November 2015

SUBJECT: CHANGES TO PALLADIUM COMMODITY CAN-DO CONTRACT SPECIFICATIONS

Name and Surname: Chris Sturgess
Designation: Director Commodities & Key Client Management

Dear JSE Stakeholder

Please take note, the daily MTM methodology for the Palladium Commodity Can-do contracts has been updated. Refer to the contract specification below;

December contract specification:

GENERAL TERMS – FUTURE CONTRACT	
Description	DEC15 PALLADIUM COMMODITY CAN-DO
Can-Do Name	Can-Do XPLD
Can-Do-Code	XPLD
Contract Size (Multiplier)	1 contract = 10 troy ounces
Reference Contract	Palladium (product symbol PAH6), March 2016 expiry month as traded on NYMEX, a subsidiary of the CME Group Inc.
Quotations	Denominated in South African Rand (ZAR)
Minimum Price Movement	R1.00 ZAR per contract unit
JSE Fees	R15

Initial Margin	R11,190
Series spread margin	N/A
Position Limits	Not applicable
Trade Date	The date the Can-Do position is first entered into by the clients and captured by the JSE
Business Day	Any day on which banks are open for a normal trading day in Johannesburg and prices are published by the JSE.
Underlying	
Underlying Future	A palladium futures contract meeting all specifications as listed and traded on NYMEX, a subsidiary of the CME Group Inc. The JSE reserves the right to amend the contract specifications including settlement methodology should this be amended by the reference exchange.
Daily MTM	Snapshots of the underlying derivative contract will be taken between 16h55 and 17h00. Based on the random snapshot selected the MTM will be calculated as the middle of the double based on best bid and offer. The Dollar/Rand exchange rate will be calculated as the linearly interpolated rate using the 16h00 Reuters forward curve and the 17h00 ZAR=D3 rate. The final price will be rounded to the nearest rand.
Daily MTM time	16h55 -17h00
Initial reference level	As agreed by the Long and the Short Party on the trade date in Rand per troy ounce. Confirmed by the EFR transaction generated by the exchange upon confirmation of the Can-Do trade. The report only transactions will be facilitated by the JSE.
Underlying Currency	Rand (ZAR)
Last trading date and final valuation date	11 December 2015
Settlement Date	11 December 2015
Valuation Frequency	Daily between 16h55 and 17h00
TERMS & CONDITIONS – Can Do XPLD	
Type	Can Do Future
Buyer	Is the party that is the Long Party to the Can Do Future
Seller	Is the party that is the Short Party to the Can- Do Future
Initial Futures Price	As agreed by the counter parties, EFR or trade level
PROCEDURE AT EXPIRATION	
Final valuation and cash settlement	The final settlement price for cash settlement of the contract will require two components, a CME Group settlement value and a Rand Dollar exchange rate. The CME Group settlement value will refer to an average

	of 15 iterations referencing trades in the underlying derivative contract, taken every 1 minute for a period of 15 minutes ending 10h00 New York time (SA Summer: 16h46 – 17h00 and SA Winter: 15h46 – 16h00). The Dollar Rand exchange rate required to determine the final settlement price in South African Rands will be the same rate as calculated for the applicable currency futures contract, namely: a 5 minute process with iterations recorded every 30 seconds where the last spot trade within the 30 second interval will be recorded and then averaged over the 5 minute period. The close out process will run from 09h55 to 10h00 New York time. The two variables are calculated to 4 decimals and rounded off to 2 decimals for the final Rand settlement value
GENERAL TERMS – OPTIONS CONTRACT	
Description	DEC15 PALLADIUM COMMODITY CAN-DO OPTION
Can-Do Name	Can-Do XPLD
Can-Do-Code	XPLD
Option Style	American Style
Contract Size (Multiplier)	1 contract = 10 troy ounces
Strike price interval	R100.00 per ounce strike price intervals.
Quotations	Denominated in South African Rand (ZAR)
JSE Fees	R12
Series spread margin	N/A
Position Limits	Not applicable
Trade Date	The date the Can-Do position is first entered into by the clients and captured by the JSE
Business Day	Any day on which banks are open for a normal trading day in Johannesburg and prices are published by the JSE.
Underlying	
Underlying Future	DEC 15 PALLADIUM COMMODITY CAN-DO
Daily MTM	The JSE will determine the daily m-t-m in accordance with the defined processes.
Daily MTM time	16h45 -17h00
Initial reference level	As agreed by the Long and the Short Party on the trade date in Rand per troy ounce. Confirmed by the EFR transaction generated by the exchange upon confirmation of the Can-Do trade. The report only transactions will

	be facilitated by the JSE.
Underlying Currency	Rand (ZAR)
Last trading date	11 December 2015
Final settlement date	11 December 2015
Valuation Frequency	Daily between 16h55 and 17h00
TERMS & CONDITIONS – Can Do XPLD	
Type	Can Do Future
Buyer	Is the party that is the Long Party to the Can Do Future
Seller	Is the party that is the Short Party to the Can- Do Future
Initial Futures Price	As agreed by the counter parties, EFR or trade level
PROCEDURE AT EXPIRATION	
Exercise	Long position holders may exercise/abandon their options during market hours at any time up to and including 15 minutes prior to the expiration date; provided that all in-the-money options shall be automatically exercised by the exchange at expiration
Expiration Price (for automatic exercise)	Mark-to-market price of the Can-Do XPLD future on options final settlement date

May contract specification:

GENERAL TERMS – FUTURE CONTRACT	
Description	MAY 16 PALLADIUM COMMODITY CAN-DO
Can-Do Name	Can-Do XPLD
Can-Do-Code	XPLD
Contract Size (Multiplier)	1 contract = 10 troy ounces
Reference Contract	Palladium (product symbol PAM6), June 2016 expiry month as traded on NYMEX, a subsidiary of the CME Group Inc.
Quotations	Denominated in South African Rand (ZAR)
Minimum Price Movement	R1.00 ZAR per contract unit
JSE Fees	R15

Initial Margin	R11,190
Series spread margin	N/A
Position Limits	Not applicable
Trade Date	The date the Can-Do position is first entered into by the clients and captured by the JSE
Business Day	Any day on which banks are open for a normal trading day in Johannesburg and prices are published by the JSE.
Underlying	
Underlying Future	A palladium futures contract meeting all specifications as listed and traded on NYMEX, a subsidiary of the CME Group Inc. The JSE reserves the right to amend the contract specifications including settlement methodology should this be amended by the reference exchange.
Daily MTM	Snapshots of the underlying derivative contract will be taken between 16h55 and 17h00. Based on the random snapshot selected the MTM will be calculated as the middle of the double based on best bid and offer. The Dollar/Rand exchange rate will be calculated as the linearly interpolated rate using the 16h00 Reuters forward curve and the 17h00 ZAR=D3 rate. The final price will be rounded to the nearest rand.
Daily MTM time	16h55 -17h00
Initial reference level	As agreed by the Long and the Short Party on the trade date in Rand per troy ounce. Confirmed by the EFR transaction generated by the exchange upon confirmation of the Can-Do trade. The report only transactions will be facilitated by the JSE.
Underlying Currency	Rand (ZAR)
Last trading date and final valuation date	16 May 2016
Settlement Date	16 May 2016
Valuation Frequency	Daily between 16h55 and 17h00
TERMS & CONDITIONS – Can Do XPLD	
Type	Can Do Future
Buyer	Is the party that is the Long Party to the Can Do Future
Seller	Is the party that is the Short Party to the Can- Do Future
Initial Futures Price	As agreed by the counter parties, EFR or trade level
PROCEDURE AT EXPIRATION	
Final valuation and cash settlement	The final settlement price for cash settlement of the contract will require two components, a CME Group settlement value and a Rand Dollar exchange rate. The CME Group settlement value will refer to an average

	of 15 iterations referencing trades in the underlying derivative contract, taken every 1 minute for a period of 15 minutes ending 10h00 New York time (SA Summer: 16h46 – 17h00 and SA Winter: 15h46 – 16h00). The Dollar Rand exchange rate required to determine the final settlement price in South African Rands will be the same rate as calculated for the applicable currency futures contract, namely: a 5 minute process with iterations recorded every 30 seconds where the last spot trade within the 30 second interval will be recorded and then averaged over the 5 minute period. The close out process will run from 09h55 to 10h00 New York time. The two variables are calculated to 4 decimals and rounded off to 2 decimals for the final Rand settlement value
GENERAL TERMS – OPTIONS CONTRACT	
Description	MAY16 PALLADIUM COMMODITY CAN-DO OPTION
Can-Do Name	Can-Do XPLD
Can-Do-Code	XPLD
Option Style	American Style
Contract Size (Multiplier)	1 contract = 10 troy ounces
Strike price interval	R100.00 per ounce strike price intervals.
Quotations	Denominated in South African Rand (ZAR)
JSE Fees	R12
Series spread margin	N/A
Position Limits	Not applicable
Trade Date	The date the Can-Do position is first entered into by the clients and captured by the JSE
Business Day	Any day on which banks are open for a normal trading day in Johannesburg and prices are published by the JSE.
Underlying	
Underlying Future	MAY 16 PALLADIUM COMMODITY CAN-DO
Daily MTM	The JSE will determine the daily m-t-m in accordance with the defined processes.
Daily MTM time	16h45 -17h00
Initial reference level	As agreed by the Long and the Short Party on the trade date in Rand per troy ounce. Confirmed by the EFR transaction generated by the exchange upon confirmation of the Can-Do trade. The report only transactions will

	be facilitated by the JSE.
Underlying Currency	Rand (ZAR)
Last trading date	16 May 2015
Final settlement date	16 May 2015
Valuation Frequency	Daily between 16h55 and 17h00
TERMS & CONDITIONS – Can Do XPLD	
Type	Can Do Future
Buyer	Is the party that is the Long Party to the Can Do Future
Seller	Is the party that is the Short Party to the Can- Do Future
Initial Futures Price	As agreed by the counter parties, EFR or trade level
PROCEDURE AT EXPIRATION	
Exercise	Long position holders may exercise/abandon their options during market hours at any time up to and including 15 minutes prior to the expiration date; provided that all in-the-money options shall be automatically exercised by the exchange at expiration
Expiration Price (for automatic exercise)	Mark-to-market price of the Can-Do XPLD future on options final settlement date

Should you have any queries regarding this notice, please contact commodities@jse.co.za.

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