

## MARKET NOTICE

**Number:** 515/2017

**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives

**Date:** 29 November 2017

**SUBJECT:** CONSISTENCY OF JSE STORAGE RATES

**Name and Surname:** Raphael Karuaihe

**Designation:** Head - Commodities

Dear Members and JSE approved storage operators,

1. It has come to the attention of the JSE that various approved JSE storage operators (hereinafter referred to as “**storage operators**”) insist that owners of commodities covered by JSE silo receipts move the commodity recorded on the JSE silo receipt to a “folio account” as a condition of delivering the commodity (out-loading the stock) to the owner thereof.
2. The JSE is appreciative of storage operators’ continued support of its market and the JSE has no issue with the internal procedures and practical arrangements of storage operators in complying with their obligation in delivering commodities to the holders of JSE silo receipts. The JSE is however concerned that some of these arrangements are contrary to and in conflict with storage operators’ obligations as recorded in the JSE’s Rules, the contract specifications of its listed securities and storage operators’ unequivocal undertakings recorded in JSE silo receipts.
3. The JSE’s concerns relate to instances where storage operators apply additional and/or different storage rates to the standard and agreed upon storage rates for commodities covered by JSE silo receipts. This practice is impermissible as it is in conflict with the peremptory terms of the JSE’s contract specifications (with specific reference to Appendices C and D thereof) and the undertakings provided by storage operators recorded on JSE silo receipts.

4. Storage operators may not amend the terms or rates of storage in any manner prior to delivery of the commodity to the holder of the JSE silo receipt.
  
5. Adherence by all market participants, including storage operators, to all the peremptory provisions applicable to commodities covered by JSE silo receipts is of critical importance to ensure a fair, efficient and transparent market in securities listed on the JSE. We therefore request all storage operators to ensure that its internal procedures to facilitate delivery of commodities covered by JSE silo receipts do not result in market participants paying additional or different rates of storage than the agreed-upon standard rate of storage.

Should you have any questions regarding the above, please do not hesitate to contact Commodities Team at 011 520 7039 or email [commodities@jse.co.za](mailto:commodities@jse.co.za)

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