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

Date: 12 December 2017

**SUBJECT:** UPDATE ON THE USD DELIVERABLE ZAMBIAN GRAIN CONTRACTS

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**Designation:** Head - Commodities

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Dear Members and all other interested parties,

The JSE would like to provide all market participants with an update regards the introduction of additional expiries for the deliverable Zambian grain contracts of white maize, wheat and soya beans.

Following the initial set of expiries introduced earlier this year, which did not see any market participants able to open up individual USD bank accounts for the settlement of the contract, the JSE together with the two clearing banks who expressed support to clear the contracts, namely Absa and Standard Bank, approached the SARB to request approval to amend the dispensation that was received in 2012. The change that was requested was to allow Authorised Dealers to assist those market participants authorised to participate with the settlement of the USD contract and to eliminate the need for each client to open up an individual USD bank account for settlement of the JSE contract. So in essence the new settlement model will allow approved South African clients to post ZAR as collateral with the Clearing Bank whilst Zambian and any other international clients could post USD in Zambia with the affiliated SA bank that acts as the Clearing member in South Africa, an in turn the bank will then assist with all settlement obligations in USD. The banks will enter into collateral agreements with all parties interested in trading the USD contracts. The JSE derivatives contract will continue to trade and settle in USD. This request was kindly approved by the SARB.

Following this approval by the SARB, the JSE is working closely with the two clearing members to retest our systems and ensure all process flows are defined and clearly understood in all the operational areas.

We also respect that the ITaC project is the priority implementation at the JSE and so depending on the testing and resources available the JSE will communicate as soon as it is ready to reinstate the Zambian contracts for trading and clearing. We remain committed to delivering this new USD product to the South African and Zambian market participants as soon as possible. Thank you for your patience whilst we firm up our testing.

Should you have any questions regarding the above, please contact Commodities at 011 520 7039 or email [commodities@jse.co.za](mailto:commodities@jse.co.za)  
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