

Market Notice

Number: F4774
Date: 31 May 2011

Important Notice to Members - Futures Close-Out, June 2011

1. Calendar Spread roll-over relief:

The Exchange will offer roll-over relief when trading calendar spreads on the Nutron central order book, as of **Monday, 6th June 2010**. Market participants will be pleased to note that the roll-over relief on spreads is now being extended to 2 weeks prior to close-out, compared to the 1 week as applied during the March 2011 close-out. This will only be applicable when a near contract is being rolled over into a future dated expiry. The near expiry will automatically be exempt from exchange fees.

2. Expiry valuation method.

An arithmetic average of the Safex listed indices are taken every 60 seconds (100 iterations), between 12h01 and 13h40, as calculated by the JSE Limited. For the Futures close-out Minute-by-Minute Data Feed, click on the following link: <http://fcoresults.jse.co.za>

3. Closing price for Single Stock Futures.

- Single Stock Futures, whose underlying instrument forms part of an index (SAFEX listed index), will use the price as determined by the expiry valuation method as described above.
- Single Stock Futures that do not form part of an index (SAFEX listed index) will use the official JSE closing price of the underlying stock as at close of business on the day.

4. Automatic exercise of options on Single Stock Futures.

- All Options that are in-the-money will be automatically exercised by the exchange. Options on Single Stock Futures that are not in-the-money will not be exercised automatically and members who wish to exercise these options need to exercise them explicitly themselves on the Nutron Front End.
- Members, who wish to exercise or abandon options on Single Stock Futures, that form part of an Index (SAFEX listed index), need to explicitly do so via the Nutron Front End within 20 minutes of the closing prices being published by the exchange. Failure to do this within the prescribed period may result in the reversal of these trades.
- Members, who wish to exercise or abandon options on Single Stock Futures, that **do not** form part of an Index, need to explicitly do so via the Nutron Front End before close of business on closeout day.
- Please note that members who are uncertain of whether or not their options will be automatically exercised and want to take physical delivery, are advised to manually exercise these options themselves via the Nutron Front End within the prescribed period as described above.



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: RM Loubser (CEO), NF Newton-King,
F Evans (CFO) **Non-Executive Directors:** HJ Borkum
(Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence,
A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne
Alternate Directors: JH Burke, LV Parsons

5. Cash settled Single Stock Futures.

Please note that certain Single Stock Futures are cash settled and that **NO** physical settlement will take place on them. These contracts can be identified by the “QQ” at the end of the contract code e.g. JSE Limited cash settled (JSQQ).

6. Physically settled Single Stock Futures.

- Members who are not equity brokers need to nominate an equity broker to book the physical trades on their behalf.
- Members are required to supply the JSE with full contact details of persons who will be booking the physical trades on the equities market via e-mail to derivativestrading@jse.co.za by no later than close of business on the day before Close-out. Failure to do so will result in the physical delivery notification being sent to the member holding the position.
- A report detailing the trades that need to be booked on the JSE equities market will be sent out to the relevant nominated members on the morning after Futures close-out. These trades must be back-dated to the Futures close-out date and must be flagged as an ‘OX’ trade type.

7. Retention of Initial Margins for Physically Settled Single Stock Futures.

- Safex Initial Margin is defined as the amount determined by the clearing house in respect of the aggregate positions of the member or client, as prescribed in the JSE’s Derivatives Rules and Contract Specifications. Initial Margin is also defined as funds deposited as collateral (or a guarantee) for the due performance by parties of their obligations with regards to trading in Derivative contracts on the JSE.
- On the expiration of Physically Settled Single Stock Futures contracts, the derivatives member or client who held the long or short position shall be deemed to have either bought or sold the underlying security. The Single Stock Futures contract includes this obligation to either take delivery of or pay for the underlying security after the Single Stock Futures contract has expired.
- Initial Margins on Single Stock Futures will be held by the Exchange and only released when the parties to the SSF position have fulfilled all their obligations as stipulated in the Single Stock Futures contract.
- The JSE is aware that the collateral held in Initial Margins could be needed on T+5, the JSE’s Settlement date. It is our intention to release the retained Initial Margins by Settlement date so that all obligations may be met. In the event that normal settlement of the underlying security takes place, initial margin will be returned during the night run of T+4, for settlement to your Clearing Member on T+5.

Should you have any queries regarding Close-out, please feel free to contact derivativestrading@jse.co.za

Anthony Leibrandt

Manager: Derivatives Trading

Tel: +27 11 520 7475

Fax: +27 11 520 8475

E-mail Address: anthonyl@jse.co.za

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