

PROPOSED WOOL CONTRACT SPECIFICATIONS - WORKING WITH CAPE WOOLS SA TO INTRODUCE THE CONTRACT

FUTURES CONTRACT	SA MERINO WOOL INDICATOR
Trading system code	WOOL
Trading hours	09:00 to 12:00 South African time. (Monday to Friday except South African National Holidays)
Underlying instrument	<p>“Merino fleece wool” as captured on an index basis and as represented by the Merino Wool Indicator. This is administered and published by Cape Wools SA.</p> <p>The Merino Wool Indicator basket currently consists of 80 types, made up as follows:</p> <ul style="list-style-type: none"> • 10 micron groups (18.0 to 22.5 micron groups divided into .5 micron groups) • AWEX Styles 4 & 5 • 4 length groups for each style (50-80mm divided into 10mm groups) <p>The percentage contribution in weight for Merino Fleece Wool in styles 4 & 5, 18.5 -22.5 half micron groups and 50-80mm length groups, are determined annually at the end of the season.</p>
Contract Size	<p>1000 kg clean weight (1500 kg greasy weight) -for avoidance of any doubt the nominal of the contract is 1000</p>
Contract Months	March, June, September and December
Settlement Method	<p>Cash settled referencing the Cape Wool SA Merino Indicator.</p> <p>Daily mark-to-market procedure for this contract will follow the published daily settlement process currently applied to the grains market.</p> <p>Upon expiry, settlement shall take place in cash. The settlement price shall be determined by the JSE by incorporating weekly index value of the Cape</p>

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	<p>Wools Merino Wool Indicator over two weeks preceding the Last Trading Day. A simple average of the two auctions index value will be combined to determine the final cash settlement price. The JSE reserves the right to revise its settlement methodology from time to time. For avoidance of any doubt, there will be no physical delivery of wool at any time, all futures transactions will be cash settled.</p>
Expiry dates & times	<p>Last trading date of the contract will be set as a Monday of the expiry month at 12h00 South African time, provided there are at least two separate auctions in consecutive weeks in order to determine the cash settlement value. The clearance date of the contract will be three business days following last trading day to allow for the JSE to collect the Merino Wool Indicator values for two consecutive weeks. The exact expiration date will depend of the final auction dates as agreed and published by the Wool and Mohair Exchange.</p>
Quotation	<p>Rand/Kg</p>
Minimum price movement	<p>Five cents per kg</p>
Daily price limits	<p>R8 per kg</p>
Initial Margin requirements	<p>As determined by JSE Risk from time to time referencing the current margining methodology. Initial indications are that the initial margin will start at 12% of the value of the contract, with a contract size of 1000 and indicator at 163.85, Initial margin will be around R19 600 per contract that has total nominal exposure of R163 850.</p>
Daily mark-to-market	<p>Daily mark-to-market procedure for this contract will follow the current daily settlement process to the grains market.</p>
Position limits	<p>No participant (defined as a member or registered client) or associated group of participants may hold in excess of (To Be Confirmed based on R50 million exposure) contracts as a net position across all listed expiries. This position limit may be adjusted from time to time</p>
JSE Booking Fees	<p>R150 per 1000kg contract (VAT incl.) – equivalent to 15 cents/kg</p>

