



# JOHANNESBURG STOCK EXCHANGE

## Interest Rates

### (IGOV)

#### FUTURES AND OPTIONS ON THE BEASSA TOTAL RETURN GOVERNMENT BOND INDEX

### IGOV futures and options on futures

#### Interest Rate Division – Summary Contract Specifications

<u>Category</u>	<u>Description</u>
1. Code	IGOV
2. Underlying	JSE ASSA Total Return Government Bond Index
3. Contract Size	The index level multiplied by R10,000.00 (If index level is 235.340, contract size would be R2,353,400.00)
4. Contract Months	February, May, August & November
5. Expiration Date and Time	12h00 on the first Thursday of the expiration month or the previous business day if a public holiday
6. Quotations	Index level to three decimal places
7. Minimum Move	0.001 equal to R10.00
8. Expiration Valuation Method	As determined by the JSE's interest rate division from Primary Dealer quotes at 12h00 on expiration day

9. Options	Standard options available at strike price intervals of 0.010. Options quoted in price per option (whole Rand only).
10. Settlement	Cash settled in terms of rule 8.30.4
11. Initial Margin Requirements	Whole risk position of participant margined according to Calm
12. Clearing House Fees	R7.50 per futures contract R7.50 per option contract

# BOND INDEX FUTURES CONTRACT SPECIFICATIONS

## 7.1. Definitions

In these contract specifications, unless the context clearly indicates otherwise, the following words and expressions have the following meaning -

**"bond index"** means an index of information on the price of bonds listed on the JSE;

**"bond index futures contract"** means a futures contract that has a bond index as its underlying instrument.

**"index provider"** means the person who computes, maintains and supplies the bond index and in the case of the JSE Actuaries index, means the JSE's interest rate division;

## 7.2 The bond index

7.2.1 The determination of the bond index level at any time by the index provider or the executive officer in terms of this contract specification shall be final and binding on the holders of open positions in a bond index futures contract.

7.2.2 Neither the index provider nor the JSE shall incur any liability in respect of any determination of the bond index level or correction of it.

## 7.3 Price of bond index futures contract

The price of a bond index futures contract ( $p_c$ ) for the purposes of the rules is expressed in the same way as the underlying bond index to three decimal places.

For example, if the bond index, as published by the index provider, were 235.340, the price equal to the index would be 235.340.

$$p_c = 235.340$$

## 7.4 Contract value

The value or worth of a bond index futures contract in Rand is the price multiplied by ten thousand.

For example, if the price of the bond index futures contract is 235.340, then the value ( $v_c$ ) of one contract is

$$v_c = p_c * R10\ 000 \text{ therefore}$$

$$v_c = 235.340 * R10\ 000 = R2,353,400$$

## **7.5 Value of a position**

The value of a position ( $v_p$ ) in a bond index futures contract is the value of one bond index contract multiplied by the number of contracts comprising the position ( $n_c$ ) as follows:

$$v_p = n_c * v_c$$

For example, the value in Rand of a position of 100 contracts in a particular bond index futures contract at a price of 235.340 would be:

$$v_p = 100 * R2,353,400 = R2,353,400,000$$

## **7.6 Expiry dates and times**

7.6.1 The expiry months which may be specified for the bond index futures contracts are the months of February, May, August and November.

7.6.2 The bond index futures contracts expire at 12:00 on the first Thursday of the expiry month, or if that Thursday is not a business day, then the previous business day.

## **7.7 Expiry prices**

7.7.1 The price at which a bond index futures contract expires shall be calculated by the JSE's interest rate division at 12:00 on the expiry date. the JSE shall use the mark-to-market process described in the publication "*JSE ASSA Total Return Indices*".

7.7.2 If the executive officer is of the opinion that it will not be possible to compute the expiry price in terms of clause 7.7.1, or if an error has been made in the calculation of the expiry price he may determine the expiry price on a basis decided by the executive committee.

## **7.8 Trading fees**

The JSE shall levy a fee of R7.50 per futures contract.

## **7.9 Cash settlement**

Bond index futures contracts are cash settled.

## **7.10 Underlying instruments**

The underlying instruments of the bond index futures listed on the JSE to which the terms and conditions in this contract specification apply and the codes that are used to identify such contracts are contained in schedule 1 attached hereto. The full specifications of the underlying indices are available from the JSE's interest rate division.

## **7.11 Options on bond index futures contracts**

Contained in the list of financial instruments kept by the executive committee shall be options on bond index futures kept in such list and the terms and conditions in clause 5 of these contract specifications shall apply *mutatis mutandis* to options on bond index futures: Provided that

7.11.1 the strike prices for options on bond index futures contracts shall be at 10 point intervals (0.010); and

7.11.2 the trading fees shall be R7.50 per option contract.

**Specifications of Bond index Futures Contracts**  
**Listed on Yield-X**

**Schedule 1**

<u>Futures contract</u>	<u>Underlying Instrument</u>	<u>Code</u>
Inflation-Linked Government Bond Index Future	JSE ASSA Total Return Inflation-Linked Government Bond Index	IGOV