j-OTH1

FUTURES AND OPTIONS ON THE BEASSA All OTHER BONDS INDEX

OTH1 futures and options on futures

Yield-X – Summary Contract Specifications

Category	Description
1. Underlying	BEASSA All Other Bonds Index
2. Expiration Date and Time	Midday on the first Thursday of February, May, August & November
3. Code	j-OTH1
4. Listing Programme	Near, middle and far contracts Specials on demand
5. Unit of Trading and minimum allocation	The index level multiplied by R10,000.00 (If index level is 233.798, contract size would be R2,337,980.00)
6. Quotations	Index level to three decimal places
7. Minimum Quotation and Value Movement	0.001 equal to R10.00
8. Settlement	Cash settled

9. Mark-to-Market	Explicit Daily. As determined by Yield-X fair value calculation, using BESA spot prices (which is determined from Primary Dealer quotes at 16h30)
10. Margining	2nd Level Portfolio Scanning Methodology.
11. Options	Standard options available at strike price intervals of 0.010. Options quoted in price per option (whole Rand only).
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 -

" Yield-X"	Means the JSE's interest rate exchange
"BESA"	means the Bond Exchange of South Africa;
"bond index"	means an index of information on the price of bonds listed on BESA;
"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 BESA Actuaries index, means BESA; in the case of Yield-X, means the JSE's bond exchange

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 Yield-X 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 233.798, the price equal to the index would be 233.798.

p_c = 233.798

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 233.798, then the value (v_c) of one contract is

$v_c = p_c$ * R10 000 therefore

$v_c = 233.798$* R10 000 = R2,337,980

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 233.798 would be:

$v_p = 100$ * R2,337,980= R2,337,980,000

7.6 Expiry dates and times

7.6.1 The expiry months which may be specified for the bond index futures contracts as contemplated in the Yield-X rules 6.20 are the months of February, May, August and November.

7.6.2 The bond index futures contracts expire in terms of rule 8.30.6 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 BESA at 12:00 on the expiry date, and the closing spot prices will be determined as described in the BESA publication "*BEASSA 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

In terms of rule 8.70.1, Yield-X shall levy a fee of R7.50 per futures contract.

7.9 Cash settlement

Bond index futures contracts are cash settled as contemplated in paragraph (b) of the definition of "futures contract" in rule 2.10.

7.10 Underlying instruments

The underlying instruments of the bond index futures listed on Yield-X 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 index are available from BESA.

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.

7.12 Margining

The instrument is margined according to the portfolio scanning methodology, of which SPAN (Standard Portfolio Analysis of Risk), is the best example. The portfolio scanning methodology is described in the Safex Margining Technical Specifications (Tec.3 Quant Financial Research, 21 February 1997).

Specifications of Bond index Futures Contracts
Listed on Yield-X

Schedule 1

Futures contract		Underlying Instrument		Code
All Other Bonds Index Future		BEASSA All Other Bonds Index		OTH1