INDEX FUTURES

FUTURES ON THE ALL BOND INDEX
ALBI FUTURES – TERM SPLIT 12+

CATEGORY	DESCRIPTION
1. Underlying	JSE All Bond Index : Term Split 12+
2. Expiration Date and Time	Midday on the first Thursday of February, May, August and November
3. Code	AL12
4. Listing programme	Currently list near contract. Can list Middle, Far and Specials on demand
5. Unit of trading	The index level multiplied by R10,000.00. (e.g. if the index level were 237.634 then the contract size would be R2,376,340.00)
6. Quotation	Index level to three decimal places
7. Minimum Quotation Move and Corresponding Minimum value movement	0.01 equal to R10.00
8. Settlement	Cash Settled
9. Mark-to-market	Explicit Daily. As determined by the JSE's interest rate division fair value calculation using spot prices (which is determined from Primary Dealer quotes at 16h30)
10. Margining	2nd Level Portfolio Scanning Methodology
11. Exchange Trading Fees	0.03bp on value traded

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;
"bp"	means basis points

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.

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

$v_c = p_c *$ R10 000 therefore

$v_c = 237.634 *$ R10 000 = R2,376,340

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 237.634 would be:

$$v_p = 100 * R2,376,340 = R2,376,340,000$$

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, and the closing spot prices will be determined as 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 0.03bp on value traded

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 index 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 0.03bp on value traded

7.12 Margining

The instrument is margined according to the portfolio scanning methodology. This is comparable to SPAN margining(Standard Portfolio Analysis of Risk).

The portfolio scanning methodology is described in the Safex Margining Technical Specifications (Tec.3 Quant Financial Research, 21 February 1997).