



JOHANNESBURG STOCK EXCHANGE

International Derivatives



The JSE in collaboration with Deutsche Bank and Investec Capital Markets is launching an exciting initiative allowing investors to purchase cash settled futures on foreign listed equities. International Derivatives (IDX) will be traded on the existing Equity Derivatives Market (SAFEX) trading platform.

Contract specification example	
Product	International Derivative (Single Stock Future)
Underlying Equity	Vodafone Group PLC
Underlying Listed Exchange	London Stock Exchange (LSE)
Underlying Sector Code	Telecommunications
Part of Underlying Index	FTSE100
Underlying ISIN	GB00B16GWD56
JSE Nutron Code	VODG
Contract size / Nominal	1 x The underlying equity price in ZAR
Expiry dates and times	16h30; 2 days prior to the third Wednesday of March, June, September and December or the previous business day if a public holiday.
Quotations	Price per underlying equity to two decimals in ZAR.
Minimum Price Movement	0.01 ZAR
Expiry Valuation Method	The official close out price determined by the JSE will be used.
Settlement Method	Cash settled
Trading Hours	08h30 – 17h30
JSE Fees	2 Basis points of nominal value
Daily M-t-M closing price	The official daily closing price will be determined by the JSE between 17h00 and 17h15.

Corporate actions

The JSE will attempt to replicate the underlying Exchange's (as set out in the contract specifications) treatment of corporate actions (Mergers, Special Dividends, Stock Splits, Divestitures etc).

Clearing and Guarantee

All trades on the JSE's Equity Derivatives Market are M-t-M, margined daily and guaranteed by the clearing house.

Due to the clearing house guarantee and our regulatory framework, investing on the JSE exposes the investor to less counterparty risk than investing in over-the-counter products.

The clearing house guarantee and the daily margining process ensures that investors' margins are safer from the risk of a defaulting counterparty.

Listing of International Derivatives

The JSE will list international derivatives on request from the market provided that the underlying security to be listed complies with the following requirements:

- » The underlying security must be an internationally listed security.
- » A liquidity provider must be willing to make a market in this security.
- » A reference price must be available on the day of listing and the market price and dividend data must be available daily thereafter.

If a request is not supported by a liquidity provider, the JSE will consider a "Can Do" style listing if:

- » There are two counterparties to a pre-arranged transaction; and
- » The minimum value of a trade exceeds 10 million ZAR in value.

In association with





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Benefits of International Single Stock Futures

» Diversify offshore

Investing internationally is an important part of building a diversified investment portfolio. By investing in IDX SSFs investors can not only share in the growth of the world's largest and profitable companies but also reduce overall investment risk;

» Convenience

International Derivatives' SSFs provides a convenient entry point into foreign markets without the restrictions and paperwork of exchange control regulations or the expense of setting up a foreign trading account. When investing directly into a foreign market there are complicated securities laws, levies and taxes. If you go through a third party manager there are additional costly fees. The JSE's International Derivatives initiative eliminates all these obstacles.



» Invest offshore without using or minimising your Offshore Allowance

As an individual or corporate entity investing in International Derivatives does not use any of your offshore investment allowance. As a registered asset manager, IDX products do not require Reserve Bank permissions but they do fall under your prudential foreign portfolio limits. The IDX liquidity providers will be responsible for buying the underlying shares. The JSE will then issue an IDX SSF contract on the underlying asset enabling investors to get foreign exposure effectively and easily through a local broker.

Risks

- » Gearing offers significant returns but can also result in significant losses if the market moves against your position. Only experienced investors or investors with the help and advice of an experienced adviser should participate in this market. It is important for investors entering this market to be aware of the risks involved.
- » SSFs are not capital protected. Investors may not get back the amount invested.
- » The value of any investment involving exposure to foreign currencies can be affected by exchange rate movements.

Contact information

For additional information on International Derivatives contact:

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