

CONTRACT SPECIFICATIONS – ENERGY FUTURES – DIESEL HEDGE

FUTURES CONTRACT	DIESEL (EUROPEAN GASOIL)
Trading system code	DSEL
Trading hours	09h00 to 17h00 South African time. Admin period from 17h00 to 17h15. (Monday to Friday except South African National Holidays)
Underlying instrument	A European Gasoil averaging futures contracts meeting all specifications as listed on NYMEX, a subsidiary of the CME Group Inc. The JSE reserves the right to amend the contract specifications including settlement methodology should this be amended by the reference exchange
Contract months	All twelve calendar months will be available for trading with the front consecutive six months always available via the trading system, the other expiry months will be introduced on demand. The expiry months will also be known as pump months as defined in the contract specifications.
Pump Month	The pump month is the reference calendar month when, on the first business day of the month, the final arithmetic average cash settlement value is published based on the reset period.
Reset Period	This is the calendar month prior to the pump month when no trading activity will take place for the specific pump month and where the arithmetic averaging commences in order to determine the final pump month cash settlement value.
Last Trading Day	This is the business day prior to the commencement of the reset period.
Contract size	1 contract = 5000 litres

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Quotations	In South African Rand per litre
Minimum price movement	0.0005 ZAR per litre
Listing programme	Ensure a minimum of six expiries are always available for trade.
Expiry dates & times (see the product trading calendar on the web page www.jse.co.za/commodities for the detailed trading calendar)	The last trading day is the business day prior to the commencement of the reset period while the expiry day of the pump month is the first business day of that month.
Settlement Date	Settlement will take place on the first business day of the pump month taking into account the arithmetic average price taken over the reset period

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<p>Determination of final cash settlement value</p>	<p>Settlement will be against a floating price based on the arithmetic average of the daily official exchange settlement values of the front month delivery futures contract of the underlying contract during the reset period, converted to a ZAR amount by multiplication with the arithmetic average of the daily spot USD / ZAR exchange rates as determined by the JSE at 11am. The ZAR per metric ton price will be converted to a ZAR per litre amount by division using a factor of 1190.616.</p> <p>The reset period will consider the arithmetic average for the diesel component every business day when the US market is open and will look to the closing price as published by the reference exchange on a daily basis. The USD/ZAR exchange rates for every business day the South African market is open will then use the 11am rate to calculate the arithmetic average cash settlement value.</p> <p>Say the average settlement price during December for the front month gas oil future is USD 970 per tonne ; over that period the USD / ZAR spot exchange rate (as per the JSE's assessment at 11 am) averages at 10.15. The floating reference then is $970 \times 10.15 / 1190.616 = \text{ZAR } 8.2692$ per litre. If one's entry price for a January 2014 futures contract was ZAR 7.10 per litre, the pay-off received on 2 January 2014 would be $5000 \times (8.2692 - 7.10) = \text{ZAR } 5846.00$</p> <p>In the event that any of the reference markets are not available to determine the final settlement value, the JSE will consider all relevant facts, information and circumstances to determine the final cash settlement value in order to ensure that it reflects a fair market value.</p>
<p>Settlement method</p>	<p>Cash settled in South African Rands (ZAR) to five decimal places</p>
<p>Initial margin requirements</p>	<p>As determined by the JSE and published via official market notice.</p>
<p>Daily mark-to-market</p>	<p>As determined by the JSE, a snapshot from trading activity in the last 5 minutes will be considered for the daily m-t-m . Once in the reset period the JSE will begin to publish the arithmetic average as the daily m-t-m leading up to the final value on expiry day.</p>

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Exchange fees as per the sliding scale per matched deal	https://www.jse.co.za/services/other-services/services-documentation/price-lists
Daily price limits	No price limits will be applicable
Position limits	No position limits in South Africa however the JSE reserves the right to implement such.
Volatility scanning range	3.5
Qualifying audience allowed to participate	<ul style="list-style-type: none"> • Individuals and Foreigners have no limits. • Corporate entities have no limits. • Retirement funds and long term insurance companies subject to their 25% foreign allocation limits. • Investment managers and registered collective investment schemes subject to their 35% foreign allocation limits.
Trade types accommodated	<p>All trading activity (bids and offers) must be entered onto the central order book during trading hours however the JSE will accommodate the following report only trade types provided they meet the existing criteria:</p> <ul style="list-style-type: none"> • Exchange for Risk (EFR's). • Net-off of positions applicable to the same legal entity. • The JSE will accept transactions specific to the contract outside of the standard trading hours as agreed between registered counterparties. A minimum contract volume of 30 contracts will be required in order for this transaction to be processed, this is with reference to opening up new positions, no minimum contract volume will apply should the transaction result in the closing of positions by a registered participant. These transactions must be reported to the JSE before 07h30 the following morning and must be market related – the transactions will then be entered into the order book by the JSE before market opens

CONTRACT SPECIFICATOINS –ENERGY OPTIONS – DIESEL HEDGE

OPTIONS CONTRACT	DIESEL OPTIONS (SHORT DATED)	DIESEL CAN-DO OPTIONS
Trading System Code	DSEL	XDSE
Trading Hours	09:00 to 17:00 South African time. (Monday to Friday except South African national holidays)	
Underlying Instrument	A JSE Diesel Future contract	A JSE Diesel Future contract
Options Type	American style options	Asian style options
Contract size	One contract = 5000L	One contract = 5000L
Contract months	Consecutive calendar months	Consecutive calendar months
Price Quotation	Options will be quoted in Rands (ZAR) per contract	
Strike price intervals	R0.05 per litre strike price intervals	R0.05 per litre strike price intervals
Expiration of trading	Options will expire one business day prior to the last trading day of the listed futures contract and will reference the published closing price on the day in order to determine if the option strike is in the money.	Options will expire on a same day as the pump month expiry date and will reference the arithmetic average as calculated during the reset period in order to determine if the option strike is in the money.

OPTIONS CONTRACT	DIESEL OPTIONS (SHORT DATED)	DIESEL CAN-DO OPTIONS
Exercise Criteria	Options are American style with the long position holder able to exercise the option position at any time during trading hours up to and including the last date to trade. All in the money options will be automatically exercised by the JSE at expiration into DSEL futures.	Options are Asian style with the long position holder not able to exercise the option position earlier and the final settlement value is a function of the average price taken over the reset period. All in the money options will be automatically exercised by the JSE at expiration.
Daily Mark-to-market	The JSE will determine the daily m-t-m in accordance with the defined processes.	The JSE will determine the daily m-t-m in accordance with the defined processes.
Settlement Method	Cash settled in South African Rand (ZAR).	
Exchange fees as per the sliding scale per matched deal	https://www.jse.co.za/services/other-services/services-documentation/price-lists	
Qualifying audience allowed to participate	<ul style="list-style-type: none"> • Individuals and Foreigners have no limits. • Corporate entities have no limits. • Retirement funds and long term insurance companies subject to their 25% foreign allocation limits. • Investment managers and registered collective investment schemes subject to their 35% foreign allocation limits. 	

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