

MARKET NOTICE

Johannesburg
Stock Exchange

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Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 11 February 2019

SUBJECT: REVISED SORGHUM CONTRACTS SPECIFICATIONS AND MARGIN REQUIREMENTS

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Designation: Head - Commodities

Dear Stakeholder,

As per Notice 36, the existing 100 tons Sorghum contracts and associated trading codes will cease to exist as at Friday 15 February 2019. The 100- tons contracts will be replaced by the new 30 ton contracts which will be **available for trading as of Monday 18 February 2019**. Going forward, the sweet sorghum trading code (SORG) will be replaced by MSRG while the bitter sorghum trading code (SGBT) will be replaced by MSBT.

Please see below the margin requirements and the updated contract specifications for the 30- tons MSRG and MSBT contracts. The updated margins will take effective **Monday, 18 February 2019**.

Short Name	Expiry Date	IMR	*IMR %	CSMR	VSR	SSMR
MSBT	22-Mar-19	8,790	8.00%	2,070	3.5	7,749
MSBT	24-May-19	8,730	8.00%	2,070	3.5	7,749
MSBT	24-Jul-19	7,680	8.00%	2,070	3.5	7,749
MSBT	20-Sep-19	7,740	8.00%	2,070	3.5	7,749
MSRG	22-Mar-19	9,180	8.00%	2,742	3.5	5,409
MSRG	24-May-19	8,640	8.00%	2,742	3.5	5,409
MSRG	24-Jul-19	7,920	8.00%	2,742	3.5	5,409
MSRG	20-Sep-19	8,580	8.00%	2,742	3.5	5,409

CONTRACT SPECIFICATIONS - FUTURES

FUTURES CONTRACT	SORGHUM SWEET – GM1 BITTER – GH1
Trading system code	MSRG – GM1 MSBT – GH1
Trading Hours	09:00 to 12:00
Underlying Commodity	<p><u>MSRG – GM1</u> Sorghum of South African origin which complies with the physical criteria for grade GM1, as detailed in the South African grading regulations of the Agricultural Product Standards Act of 1990</p> <p><u>MSBT – GH1</u> Sorghum of any origin which complies with the physical criteria for grade GH1, as detailed in the South African grading regulations of the Agricultural Product Standards Act of 1990</p>
Contract Size	30 metric tons
Expiry Dates & Times (Last Trading Day)	12h00 on the sixth last business day of March, May, July, September and December. Physical deliveries from first business day to 4 th last business day of the expiry month.
Constant Month Contract	JSE does reserve the right to introduce such if there is demand.
Settlement Method	Physical delivery of Safex silo receipts giving title to sorghum in bulk storage at approved silos at an agreed storage rate. No single reference point will be traded.
Quotations	Rand/ton
Minimum Price Movement	Twenty cents per ton
Daily Limits	R70/t (Extended R105/t)
Initial Margin	https://www.jse.co.za/downloadable-files?RequestNode=/Safex/APD%20Margin%20Requirements/2019
Maximum position limits	No participant (defined as a member or client) or associated group of participants may hold in excess of 110 contracts of a particular delivery month contract within 10 days of the first delivery day of the month in question, except during the harvest period from May up to and including July, the position limit will allow for a maximum of 160 contracts.
Expiry valuation method	Closing futures price as determined by the JSE
JSE Booking Fees (incl VAT)	Onscreen: Futures R4.81 per contract Reported Trades: Futures R5.13 per contract

FUTURES CONTRACT	SORGHUM SWEET – GM1 BITTER – GH1
JSE Delivery Fees (incl VAT)	R60.53/contract/delivery

CONTRACT SPECIFICATIONS – OPTIONS

OPTIONS CONTRACT	SORGHUM SWEET – GM1 BITTER – GH1
ATS Code	MSRG – GM1 MSBT – GH1
Trading Hours	09:00 to 12:00
Underlying Instrument	<u>MSRG – GM1</u> 1 Sweet Sorghum futures contract <u>MSBT – GH1</u> 1 Bitter Sorghum futures contract
Options	American type, puts and calls
Strike price intervals	R20.00 per ton
Quotation	In whole Rand per contract
Contract months	March, May, July, September and December
Expiration date and time	12h00 on the fifth last trading day of the month preceding the expiration month of the underlying future contract
Exercise	Long position holders may exercise/abandon their options during market hours at any time up to and including 15 minutes prior to the expiration date; provided that all in-the-money options shall be automatically exercised by the exchange at expiration whilst those that are at-the-money or out-the-money will expire worthless resulting in no futures equivalent position.
Expiration Price (for automatic exercise)	Mark-to-market price of the underlying future on expiration date
Calculation of Mark-to-market	Mark-to-market prices will be calculated from volatility quotes for at-the-money using the Black options pricing model.
VSR	3.5%

OPTIONS CONTRACT	<u>SORGHUM</u> SWEET – GM1 BITTER – GH1
JSE Booking Fees	Onscreen: Options R2.41 Reported Trades: Options R2.57

All Clearing Members plus market participants with existing open positions in the 100-ton sorghum contracts have been informed of the eminent changes.

Market participants including Clearing Members who are exposed to third party software vendors are encouraged to ensure all system vendors are aware of the contract code changes that will take place on **Friday 15 February 2019** and to **co-ordinate the change** to avoid any potential downstream system impact. Once the JSE changes the contract, market participants will be able to download via the API the updated contract details.

Should you have any questions regarding the above, please do not hesitate to contact Commodities Team at 011 520 7039 or email commodities@jse.co.za

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>