



## **j-CRD1**

### **FUTURES AND OPTIONS ON THE RMB YIELD-X CREDIT BOND INDEX**

#### **CRD1 futures and options on futures**

#### **Yield-X – Summary Contract Specifications**

<b><u>Category</u></b>	<b><u>Description</u></b>
1. Underlying	RMB Yield-X Credit Bond Index 1
2. Expiration Date and Time	Midday on the first Thursday of February, May, August & November
3. Code	j-CRD1
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 102.212, contract size would be R1,022,120.00)
6. Quotations	Index level to three decimal places
7. Minimum Quotation Move and minimum 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	2 <sup>nd</sup> 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 102.212, the price equal to the index would be 102.212.

$$p_c = 102.212$$

#### **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 102.212, then the value ( $v_c$ ) of one contract is

$$v_c = p_c * R10\ 000 \text{ therefore}$$

$$v_c = 102.212 * R10\ 000 = R1,022,120$$

#### **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 102.212 would be:

$$v_p = 100 * R1,022,120 = R1,022,120,000$$

#### **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 Yield-X.

## **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**

<u>Futures contract</u>		<u>Underlying Instrument</u>		<u>Code</u>
RMB Yield-X Credit Bond Index Future		RMB Yield-X Credit Bond Index 1  (See Appendix A)		CRD1

## **Appendix A:**

Constituents in the RMB Yield-X CRD1 Include:

ABL4	AFRICAN BANK LIMITED
COJ01	CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
COJ02	CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
DC02	DAIMLERCHRYSLER SA (PTY) LTD
IC01	IMPERIAL CAPITAL LIMITED
IPL3	IMPERIAL GROUP (PTY) LIMITED
IV02	INVESTEC BANK LIMITED
MGL01	MOMENTUM
PROA11	PROCUL LIMITED
SHF01	STEINHOFF MANUFACTURING (PTY) LTD
SBS2	THE STANDARD BANK OF SOUTH AFRICA LIMITED
OMO1	UNILEVER SOUTH AFRICA HOME AND PERSONAL CARE PTY. LTD.
AB03	ABSA BANK LIMITED
COJ04	CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY
IPL2	IMPERIAL GROUP (PTY) LIMITED
CAL01	CALYON CORPORATE AND INVESTMENT BANK
MTN02	MTN
ABS3	ABSA BANK LIMITED
AB05	ABSA BANK LIMITED
BAW1	BARLOWORLD LIMITED
NED5	NEDBANK LIMITED
SBK8	THE STANDARD BANK OF SOUTH AFRICA LIMITED
SBK9	THE STANDARD BANK OF SOUTH AFRICA LIMITED
FRB03	FIRSTRAND BANK LIMITED
FRB05	FIRSTRAND BANK LIMITED
LB01	LAND AND AGRICULTURAL BANK
AB06	ABSA BANK LIMITED
AG01	ANGLO GOLD
DC03	DAIMLERCHRYSLER SA (PTY) LTD
LGL1	THE LIBERTY GROUP LIMITED
SBK3	THE STANDARD BANK OF SOUTH AFRICA LIMITED
SBK5	THE STANDARD BANK OF SOUTH AFRICA LIMITED
OML01	OLD MUTUAL LIFE ASSURANCE COMPANY (SOUTH AFRICA) LIMITED
SBK7	THE STANDARD BANK OF SOUTH AFRICA LIMITED
AB02	ABSA BANK LIMITED
MTN01	MTN