
MARKET NOTICEJohannesburg
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Number: 159A/2019
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 24 May 2019

SUBJECT: RECOMMENDATIONS FOR COMMODITY FUTURES DELIVERY ON THE JSE

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Dear Stakeholder,

The JSE is presenting to you the recommendations by Professor Matt Roberts for commodity futures delivery on our market. We had requested Prof Roberts to revisit his earlier work and to specifically look at the following:

- Do the findings and recommendations of the 2009 study still apply, if not, what changes were identified?
- Should the JSE consider changing the reference points for each of the commodity products based on the changes in processing capacity? This could imply a unique reference point per commodity;
- Should location differentials (LD) be applied to the JSE soya contract? Although a recent industry workshop did not support changing the contract to reference a single point, what are your opinions regarding future growth of this contract and the number of registered delivery points?
- What can the JSE do to improve participation by market participants of the spot basis functionality thereby improving transparency of basis premiums during the delivery month and
- Any recommendations regarding the current methodology used to determine the location differentials to improve its accuracy or the efficiency in the manner it is calculated.

The report is very detailed and self-explanatory as it attempts to address the questions at hand. We at the JSE are still in the process of studying the recommendations further and see how best to respond to them. We would like to afford the market similar time to study the report and consult broadly with your constituencies. We believe one month up to **Monday, 1 July 2019** is sufficient time before comments and suggestions are to be expected from the market. Should you need more time, kindly let us know in advance.

Once all submissions are received, our intention is to call a dedicated meeting to agree on how best to implement these recommendations.

Kindly send all your submissions and/or any queries you may have to Commodities Team at 011 520 7039 or email commodities@jse.co.za

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