

Gold, platinum and crude oil commodities debut on the JSE

JOHANNESBURG, 12 OCTOBER 2009. In a week in which weak dollar and inflation fears in the US continued to fuel demand for metals, and gold reached record prices, local investors interested in taking advantage of the price movements of these metals, began trading rand-denominated gold, platinum and sweet crude oil futures contracts for the first time on the JSE's commodities derivatives market. This marks a new focus for the JSE. Until now, only agricultural commodities have been offered by the exchange.

"We are confident that trading will gain traction as more and more investors realise that they can trade these highly traded commodities in an easy and more affordable manner," comments Rod Gravelet-Blondin, Head of the Commodities Division at the JSE.

Until now, investors would have had to trade these commodities on international markets using their foreign exchange allowance and would have been subject to exchange control regulations. Now individuals and corporates have no limits in terms of trading these three commodities on the JSE. This makes it easier for these investors to take advantage of the current interest in these resources as alternative hedging or diversification instruments. Pension funds and long-term insurance companies are however, subject to their 20% foreign allocation limits and asset managers and registered collective investment schemes are subject to their 30% foreign allocation limits when trading these commodities.

In terms of a recent agreement signed with the world's largest derivatives marketplace, CME Group, the locally listed contracts will be cash-settled using benchmark gold settlement prices referenced from CME's COMEX division and platinum and crude oil prices from its NYMEX division. Given that the underlying instrument is a contract traded on the Nymex or Comex, investors have the added advantage of accessing highly liquid international markets via these rand-denominated contracts."

"The two metal commodities should interest local investors as South Africa is the world's largest platinum producer and the third largest gold producer. The price of the commodities is generally linked to the prices of mining stocks. The liquidity that the current market makers and any new ones will bring to the market can only be beneficial to investors," says Ashley Erasmus, Senior Commodities Trader at Nedbank Capital. Absa, Standard Bank and Rand Merchant Bank will also be quoting live rand prices for investors.

To make these contracts more attractive to individual investors, the JSE has made the contracts based on smaller lot sizes than those traded on the US markets. "We have taken accessibility into account, for instance the minimum contract size for crude oil on our market is 100 US barrels (15

898.73l) with contracts expiring in Feb, June, August and December, while in New York the contract minimum is 1000 barrels," explains Gravelet-Blondin.

For both gold and platinum, each contract size equates to 10 troy ounces with the minimum price movement set at 100 South African cents per ounce. The gold contract expiry months are April, June, August and December with a minimum of two expiries always available for trade. The contract for platinum expires in January, April, July and October with a minimum of two expiries always available for trade.

"We are particularly excited about the opportunities that a crude oil contract offers. Oil has a knock-on effect on all sectors of the economy. Notably, as diesel is a major cost in farming, this will give our agricultural market a tool to hedge a major input cost. Organisations in the transport and manufacturing sectors that use large quantities of fuel may also want to hedge their energy usage against the benchmark," adds Gravelet-Blondin.

In June 2008, the South African Reserve Bank granted the JSE approval to trade future and option contracts on Foreign Referenced Commodities, subject to certain conditions. In February this year, the JSE listed a Chicago corn contract and anticipates listing additional cash- settled commodities in the coming year.

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About JSE Limited

As South Africa's only full service securities exchange, the JSE connects buyers and sellers in four different financial markets, namely equities, equity derivatives, agricultural derivatives and interest rate instruments (Yield-X). The JSE Ltd offers the investor a truly first world trading environment, with world class technology, surveillance and settlement in an emerging market context. It is amongst the top 20 largest equities exchanges in terms of market capitalisation in the world.

For further information, please visit www.jse.co.za

About CME Group

CME Group (www.cmegroup.com) is the world's largest and most diverse derivatives exchange. Building on the heritage of CME, CBOT and NYMEX, CME Group serves the risk management needs of customers around the globe. As an international marketplace, CME Group brings buyers and sellers together on the CME Globex electronic trading platform and on trading floors in Chicago and New York. By acting as the buyer to every seller and the seller to every buyer, CME Clearing virtually eliminates counterparty credit risk. CME Clearing also offers \$7 billion in financial safeguards to help mitigate systemic risk, providing the security and confidence market participants need to operate, invest and grow. CME Group offers the widest range of benchmark products available across all major asset classes, including futures and options based on interest rates, equity indexes, foreign exchange, energy, agricultural commodities, metals, and alternative investment products such as weather and real estate. CME Group is listed on NASDAQ under the symbol "CME."