SINGLE STOCK FUTURES

Key Information Document (KID)

2018

PURPOSE

This document provides you with key information about the Single Stock Futures investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

PRODUCT

Product name: Single Stock Futures
Manufacturer: JSE Limited
Website:https://www.jse.co.za/trade/derivative-market/equity-derivatives/single-stock-derivatives/single-stock-futures
Email: edm@jse.co.za
Tel: 011 520 7198

You are about to purchase is a product that is not simple and may be difficult to understand

WHAT IS THIS PRODUCT?

Type: Single Stock Future
Product overview: Single Stock Futures (SSF) are derivatives instruments that give investors exposure to price movements on the underlying share. A futures contract is a legally binding agreement that gives the investor the ability to buy or sell an underlying listed share at a fixed price on a future date. SSF's can be easily accessed via JSE equity derivatives members. Contracts are predominantly physically settled however cash settles versions are also available.

Intended User: SSFs offer investors the opportunity to enhance the performance of their equity portfolios, protect their investments against adverse price movements and cheaply diversify risk. Speculators hoping to make a profit on short term movements in the futures contract price, asset managers, hedge fund managers, arbitrageurs and retail investors seeking portfolio diversification and hedging opportunities in particular should consider this product. Market participants can go long or short as they see fit.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

- Capital efficient way to gain exposure to share movements
- Incur lower brokerage fees than actually trading in the underlying shares
- Investors can take advantage of price movements in the underlying shares
- Provides short selling opportunities to benefit from downward price movements

However, an investor should also be cognisant of the fact that trading Single Stock Futures could result in the investor making a loss that exceeds their initial investment.

Below is the risk profile indicator, a guide to the level of risk of this product relative to other similar products. It shows how likely it is that the product will react positively or negatively because of various factor movements in the markets.

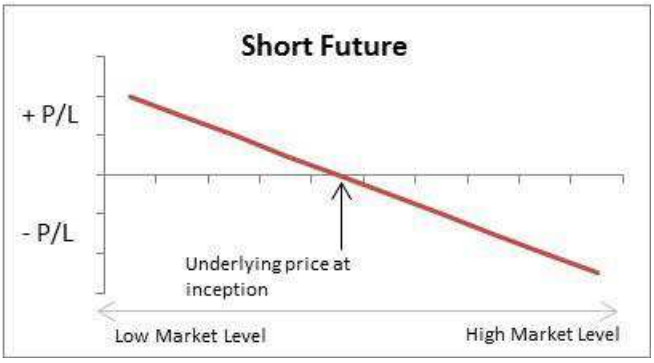
Risk Indicator:

1	2	3	4	5	6	7
Lower risk	←--------------------→	Higher risk				

This product is classified as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance at a very high level. Derivatives are leveraged products; initial costs of a customer, e.g. execution fees, and amounts deposited to secure the contract's exposure, account for only a small percentage of the traded contract's overall value. Small changes in the contract's price can result in huge gains or losses. The total loss incurred may be significant and larger than the initial outlay.

Performance Scenarios:

These graphs illustrate how your investment could perform. The horizontal axis shows the range of possible prices of the underlying asset on the expiry date and the vertical axis shows the profit or loss of the contract.



A Buyer enters into a long position on the future in expectation of a rising market. As the market level closes on expiry, the P/L is represented by the position of green line at that market level. A Seller enters into a short position on the future in expectation of a falling market. As the market level closes on expiry, the P/L is represented by the position of brown line at that market level. The profit or loss is calculated by taking the closing value of the contract and subtracting the initial value of the contract at initiation of the transaction. If the result is positive, the buyer makes a profit and if it is negative, the seller makes a profit.

WHAT HAPPENS IF THE PRIIP MANUFACTURER IS UNABLE TO PAY?

JSE Clear (formerly known as Safcom), a wholly owned subsidiary of the JSE, is the clearing house for all Exchange-Traded Derivatives in South Africa. In this capacity, JSE Clear novates all matched trades transacted through the JSE. JSE Clear has a number of clearing members, who clear for its members, through which clients' trade. Each member is responsible for its client's losses (if a client defaults); just as each clearing member is responsible for the losses of the members for which it clears, should those members default. If a client (or trading member) cannot make good on its obligations, the trading member (or clearing member) will stand good for those obligations. JSE Clear, therefore, ultimately protects against the risk that one of the clearing members possibly default on their obligations.

For further information on the mechanisms that JSE clear employs , please refer to the following website: https://www.jse.co.za/services/post-trade-services/risk-management/derivative-market

WHAT ARE THE COSTS?

The following transaction fees would be applicable:

Central Order Book

- 0.66 basis point (i.e. 0.000066), calculated off the end-of-day SSF spot price
- A floor of R0.01 per contract
- A maker-taker (passive/aggressor) pricing model, where price makers are rewarded for providing liquidity.
    - Maker of the price = Zero fees to be charged
    - Taker of the price = Central order book fees to apply

Example:
NB: Only the price taker (aggressor) will be charged
Spot Close x Nominal x Quantity Traded x Basis Points = Trading Fees

SSF Spot Close	Nominal	Quantity Traded	Basis Points	Trading Fees
334.00	100	550	0.000066	R 1 212.42

Reported Trades

- 1.16 basis point (i.e. 0.000116), calculated off the end-of-day SSF spot price
- A floor of R0.01 per contract

Example:
Spot Close x Nominal x Quantity Traded x Basis Points = Trading Fees

SSF Spot Close	Nominal	Quantity Traded	Basis Points	Trading Fees
334.00	100	550	0.000116	R 2 130.92

HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

There is no recommended holding period for these products. The optimal holding period depends upon the retail investor's individual strategy and risk profile. A derivative position can be traded and closed out on any trading day until expiration date. In particular, a long position can be closed by entering a sell order in the market on any day up to and including the expiration date of the contract, and a short position can be closed by entering a buy order in the market on any day up to and including the expiration date of the contract. An investor should contact a broker who will be able to provide a recommendation.

HOW CAN I COMPLAIN?

Retail investors should address complaints to the broker or intermediary with whom the investor has a contractual relationship or directly to the Financial Services Board (FSB) at 012 428 8000. Furthermore, the retail investor can address complaints to the JSE at info@jse.co.za