BOURSE AFRICA

AFRICAN MARKETS ▲ GLOBAL OPPORTUNITIES

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THE AFRICAN HUB for

Risk Management, Trading, Investing and Capital Raising

USD/MUR

Bourse Africa is the first exchange to introduce a Mauritian Rupee futures contract. With this USD/MUR delivery-based contract, Bourse Africa enables organizations and institutions to hedge their currency risk more effectively by taking delivery of the contract value either in US Dollars or Mauritian Rupees on the expiry date. This novel futures contract offers enhanced liquidity, ensures transparency and anonymity in trading while eliminating counterparty default risk due to settlement guarantee by Bourse Africa Clear.

About USD/MUR (as of 30.09.2013)

Particulars	Value
Current Level	30.4
Exchange Rate Regime	Freely Floating Exchange Rate with some Central Bank interventions
Onshore Daily Turnover - Spot	US$ 2 million
The foreign exchange forwards is moderately liquid, with tenors up to 12 months	

Turnover of Global Currency Futures

Region	Volume (No. of contracts traded)	Value of Notional Turnover (US$ mil.)
Americas	305 872 441	30 090 926
Asia Pacific	692 435 875	1 149 762
Europe, Africa, Middle East	423 592 331	440 041
Total	1 421 900 647	31 680 729
Note: Considered members of World Federation of Exchanges only and Data as of 13 June 2013.		

Source: Standard Bank

Features of Bourse Africa USD/MUR Weekly Delivery Based Contract

- **Enhanced Transparency –** Open positions, bids, offers and volumes will be reported by the exchange.
- **No Counterparty Risk –** Bourse Africa Clear acts as the central counterparty that clears and settles all trades executed on the exchange. Bourse Africa also has a settlement guarantee fund for all segments. The clearing mechanism of Bourse Africa is regulated by Financial Services Commission, Mauritius.
- **Low margins –** A small margin deposit is required to hold a much larger position.
- **Standardized contracts –** Contract is standardized with fixed specifications and contract size of 1000 USD.
- **Direct Market Access –** Trade directly on Bourse Africa USD/MUR through ODIN, the 'Trading Platform of Choice' for several years powering over 880 leading brokerage houses.
- **Delivery & Settlement Logic –** Compulsory delivery for open positions on contract expiry.
- **4 Available contracts –** At any time 4 contracts are available for trading – 1 Week, 2 Week, 3 Week and 4 Week.

The Opportunity

EXPORTERS/IMPORTERS:

- Flexible entry and exit options
- Weekly Cash Delivery of currency
- Finest hedging product with narrow spreads
- Level playing field for large and small sized clients
- Platform for small companies get the best rates and hedge/convert small amounts

INDIVIDUALS:

- Individuals can convert USD & MUR at most competitive rates.
- With Bourse Africa's state of the art technology, an individual can place orders online.
- Individuals have the flexibility of opening Bourse Africa trading account with both Banks and Non Banking Financial Institutions (Bourse Africa Brokers).

BANKS/BROKERS:

- Banks can eliminate overnight open positions efficiently.
- The bourse is open till 20:30 (local time), post closure of local interbank market.
- Banks have an additional avenue to conduct proprietary and client based trade.
- Banks have the opportunity to increase market share by offering competitive rates to current and prospective clients.

INVESTORS:

- Niche product that can generate above average returns.
- Foreign institutional investors to Mauritius can hedge or convert USD and MUR at competitive rates.
- Dealings can be conducted through Bourse Africa's brokers in local and international markets.

TRADING ON THE BOURSE AFRICA USDMUR DELIVERY BASED CONTRACT:

Situation: Member A has 2 long positions of USD/MUR and another Member B having 2 short positions marked for delivery.
(Contract size for USD/MUR contract is USD 1,000)

FINAL SETTLEMENT PRICE (ASSUMPTION): MUR 30/- per USD
On the day of delivery, Member A has to pay MUR to the exchange in Pay-in and receive USD in Pay-out. Similarly Member B will pay USD in Pay-in and receive MUR in Pay-out from the exchange.

Obligations in MUR for the members will be as follow:
(Final Settlement price x Contract size x Number of open positions)

- Currency Pay-in for Member A: MUR 30 * 1,000 * 2 = MUR 60,000
- Currency Pay-out for Member B: MUR 30 * 1,000 * 2 = MUR 60,000

Obligations in USD for the two members will be as follow:

- Pay-in for Member B: USD 1,000 * 2 = USD 2,000
- Pay-out for Member A: USD 1,000 * 2 = USD 2,000

Hence, all the delivery obligations will flow through the Clearing Banks that are linked to Bourse Africa and no other entity is involved with these delivery aspects. This is process flow is comparable to the existing structure at Bourse Africa for the Mark to Market settlement of funds on a daily basis.