



JSE Post-trade Services

Overview of the JSE securities and FX collateral service offering

September 2017

JSE

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Background

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Background



- JSE Clear, the clearing house for listed derivatives in the South African market, calls for initial margin (collateral) against all open derivative exposures held by its clients
- Initial Margin (IM) requirements are calculated and collected/released as part of the daily risk management processes
- These margins are currently payable in ZAR-cash only
- Post the 2008 financial crisis and the tightening of risk and regulatory frameworks and policies such as Basel III, CPMI IOSCO and EMIR, the demand for efficient asset utilisation has increased
- As a result, there has been a steady growth in demand from the market for the acceptance of alternative forms of margin – namely securities and foreign currency collateral

Background (cont.)



- The acceptance of alternate collateral forms by JSE Clear, will allow members to meet their Initial Margin (IM) requirements through a combination of:
 - ZAR cash,
 - selected securities i.e. equities and bonds, and
 - in the case of non-resident clients, selected foreign currency cash
- The ability to post securities and foreign currency collateral is expected to assist clients in freeing up ZAR cash that may be better utilised for:
 - funding increasing capital requirements demanded by regulators, or
 - to facilitate other investment opportunities

Background (cont.)



Indicative market benefits based on estimated market take-up of securities collateral:

Initial margin benefits:

- The acceptance of securities collateral against initial margin is estimated to increase ZAR cash liquidity by R20 billion to R27 billion across all JSE derivative markets
- Cost of capital savings estimated between R900 million and 1.2 billion per annum across all clients*
- With ITaC Project 1 go-live in Q1 2018, 82% of this increased ZAR cash liquidity could be realised from the EDM and FXD markets – remaining 18% to be realised soon thereafter as securities collateral is rolled out for the IRD and CDM markets

Default fund benefits:

- The ability for Clearing Members to pledge securities collateral against their default fund contributions is estimated to increase ZAR cash liquidity by a further R240 million to R320 million
- Clearing members, depending on the size of their default fund contributions, could see a cost of capital savings from R300 thousand up to R3.6 million per annum *

** based on an average cost of capital of 11% and JSE initial margin investment rate of 6.7% (this excludes any CSD, CSDP and Clearing Members fees for the securities collateral service)*

Background (cont.)



- The new securities collateral service offering is being designed and developed as part of the JSE Integrated Trading and Clearing (ITaC) project and is planned for launch in Q1 2018
- The launch of this service will be done in a phased approach based on the following **indicative timelines**:
 - **Phase A** – Pledging of select SA government bonds against initial margin requirements in the Equity Derivative (EDM) and Currency Derivative (FXD) markets in Q1 2018
 - **Phase B** – Pledging of select Top 40 equities against initial margin requirements in the Equity Derivative (EDM) and Currency Derivative (FXD) markets to follow a few months after Phase A
 - **Phase C** – Pledging of select SA government bonds and Top 40 equities against initial margin requirements in the interest rate derivative (IRD) and commodity derivative (CDM) markets to be developed and tested using existing systems in parallel with phases A and B and launched soon thereafter
 - **Phase D** – Pledging of foreign currency collateral i.e. USD, GBP and EUR, will be launched once final regulatory approvals are obtained and testing with the market is completed



Service offering overview

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Service offering overview



The service offering overview is divided into the following sections:

- Applicable markets, members and allowable collateral types
- Pledging, withdrawing and substituting collateral
- Collateral risk management
- Corporate actions on pledged securities



Service offering overview

Applicable markets, members and allowable collateral types

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Service offering overview

Applicable markets, members and allowable collateral types



- The use of alternative collateral forms is proposed for the following JSE derivative markets:
 - Equity Derivatives
 - Currency Derivatives
 - Interest Rate Derivatives
 - Commodity Derivatives

Note: Collateral for Cash Equity margins is being tackled as part of the Equity CCP initiative

- Trading members and clients will have the option of collateralising their initial margin (including margin add-on's i.e. liquidation period and large position add-on's) and settlement margin requirements using a combination of:
 - ZAR Cash
 - Securities
 - Foreign Currency Cash *

** Due to the regulatory impact of foreign currency movement, the JSE has engaged SARB and National Treasury on the acceptance of foreign currency collateral. Approval in principal for non-resident clients has been obtained however full regulatory approval is still pending.*

- Trading members and clients will not be able to pledge securities or FX collateral against Variation Margin as this is always payable in ZAR cash

Refer to Appendix-A for details of the various margin types

Service offering overview

Applicable markets, members and allowable collateral types (cont.)



- In the initial phase of accepting alternative collateral, it is envisioned that only highly liquid securities will be accepted as collateral. Collateral types to include:
 - Liquid South African government bonds
 - Liquid South African equities, e.g. Top 40
 - Foreign currency collateral will only be available once formal regulatory approvals are received and will initially only be available to non-resident clients*
 - Initially the following currencies will be accepted: USD, GBP and EUR
 - FX collateral will be invested and managed in a similar way to ZAR cash with interest earned returned to the client
- *Extension of FX cash collateral to resident clients is subject to regulatory approval*
- Other collateral types will be considered in future
 - A minimum percentage of collateral, as determined by the clearing house, must be pledged in cash (ZAR or foreign currency)
 - Clearing members may set higher minimum percentage on their trading members and clients
 - Trading members may in turn set a higher minimum percentage than the clearing member, on their clients

Service offering overview

Applicable markets, members and allowable collateral types (cont.)



- Clearing members will have the option of collateralising their default fund contributions using a combination of:
 - ZAR Cash
 - Securities (select SA government bonds and top 40 equities)



Service offering overview

Pledging, withdrawing and substituting collateral

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Service offering overview

Pledging, withdrawing and substituting collateral



- Trading members and clients will pledge securities directly to the Clearing House (JSE Clear)
- The 'pledge' mechanism (as opposed to 'cession') will be used for securities collateral. As a result:
 - all corporate actions on pledged securities will be entitled to the collateral giver – in the 'cession' mechanism corporate actions are entitled to the collateral receiver
 - no Securities Transfer Tax (STT) will be applicable on securities pledged to the JSE
- CSDPs of trading members and clients are required to commit to all security pledge/withdrawal requests to/from the JSE
 - Based on the high expected volumes, CSDPs will be required to auto-commit pledge/withdrawal requests

Service offering overview

Pledging, withdrawing and substituting collateral (cont.)



- Pledging of securities and FX collateral by trading members and clients will be done as part of the daily end-of-day process
- Withdrawing of pledged securities will be facilitated during the daily 'Intraday Rebalancing' process whereby clients may substitute pledged cash for pledged securities
- Substituting pledged securities for other eligible securities may be done at anytime during the business day
- Securities and FX collateral posted to the JSE will be valued during the intra-day and end-of-day processes
 - Valuation of pledged collateral may result in either a top-up or release of collateral
- To minimise security top-ups and releases, excess and deficit tolerances may be set against daily collateral value fluctuations
 - Securities will not be pledged or released unless the tolerance percentages are breached

Service offering overview

Pledging, withdrawing and substituting collateral (cont.)



- Excess and deficit thresholds will either be done on a percentage basis or an absolute amount as per the example below:

Threshold Type	Percentage Based	Absolute Amount
Deficit Threshold	<p>e.g. deficit threshold set at 10%</p> <p>No additional securities will be pledged until the exposure amount that can be covered exceeds the value of the pledges by more than 10% i.e. until there is a deficit in the collateral amount of 10%</p>	<p>e.g. deficit threshold set at R1million</p> <p>No additional securities will be pledged until the exposure amount that can be covered exceeds the value of the pledges by more than R1million i.e. until there is a deficit in the collateral amount of R1million</p>
Excess Threshold	<p>e.g. excess threshold set at 10%</p> <p>No pledged securities will be released until the value of the pledges exceed the exposure amount that can be covered by securities by more than 10%</p>	<p>e.g. excess threshold set at R1million</p> <p>No pledged securities will be released until the value of the pledges exceed the exposure amount that can be covered by securities by more than R1million</p>



Service offering overview

Collateral risk management

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Service offering overview

Collateral risk management



- Collateral pledged to the clearing house will only be accessed in the case of a default
- In the event of a default, all pledged securities will be liquidated into ZAR cash via a JSE appointed trading member and the standard default management process will be followed thereafter
- To ensure that clearing members and JSE Clear are adequately covered, the valuation of securities and FX collateral will take the following factors into consideration:
 - ❖ **Price Volatility** – a measure of the degree to which the price may fluctuate
 - ❖ **Liquidity Risk** – a measure of the degree to which the potential volume of trade in any security may fluctuate
 - ❖ **Concentration Risk** – a measure of the risk of the bulk of posted collateral being only one share
 - ❖ **Spread Risk** – a measure of the degree to which the difference between the bid and offer prices for an equity security may fluctuate
 - ❖ **Impact Cost** – a measure of the degree to which the potential costs of liquidating the collateral may fluctuate

Service offering overview

Collateral risk management (cont.)



- Quantification of the above risk considerations will result in the clearing house defining the following risk mitigation factors:
 - I. **Minimum cash percentage:** a minimum cash percentage (ZAR or FX) will be applicable across all trading members and clients i.e. only a certain percentage of initial margin may be collateralised with securities
 - II. **List of eligible security and FX types:** only a certain set of highly liquid SA listed securities and FX collateral types will be eligible for pledging
 - I. This eligible list of securities and FX will be monitored and updated on a regular basis
 - III. **Valuation haircut:** will state how much additional collateral is required to be pledged for a particular collateral type e.g. 102% required for USD cash collateral (i.e. 2% valuation haircut)
 - IV. **Maximum value per security (ISIN):** a maximum amount that can be pledged per security will be set across all trading members and clients e.g. a maximum of R1 billion of Naspers shares may be pledged per client

Service offering overview

Collateral risk management (cont.)



- The values of the above mentioned risk management factors are planned to be finalised closer to the go-live date (Q1 2018) and are subject to relevant JSE Clear governance and committee approvals, however in order to assist clients in planning their take-up of this service, the following indicative values may be considered:

Risk Management Factor	Indicative Value
Minimum cash percentage	JSE Clear will stipulate, per participant, the minimum proportion of obligation that must be covered by ZAR cash. This proportion is to be set at 40% at inception of the service. JSE Clear plans to decrease this proportion over time and anticipates that the minimum ZAR cash amount will not be set lower than 20%. This proportion may change from time to time.
List of eligible securities	Only a subset of SA government bonds and SA listed equities will be eligible to post as collateral. The bonds that may be used to cover margin obligations will be the constituents of the GOVI index. Constituents of the TOP40 index will be the eligible equities. Initially only bonds will be accepted, after which a subset of the TOP40 will be accepted. Finally, when processes have proved to be resilient, the full set of eligible equities will be accepted.
Valuation haircut	In the interest of providing a stable haircut to the market and to align with other areas of the industry, the anticipated haircut on bonds will be 10% and for equities it will be 15%. This will apply to all ISINs.
Maximum value per security (ISIN)	JSE Clear will publish the maximum amount of each eligible ISIN that may be pledged, this will be related to the particular security's liquidity.



Service offering overview

Corporate actions on pledged securities

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Service offering overview

Corporate actions on pledged securities



- As a result of the 'pledge' mechanism being used for the posting of securities collateral, outcomes of corporate actions on pledged securities will be entitled to the collateral giver e.g. dividend proceeds will be paid directly to the collateral giver
- The impact of corporate actions on pledged securities may result in two possible outcomes:
 - Pledged securities become ineligible and need to be substituted with cash or other eligible securities
 - Pledged securities remain eligible and are revalued accordingly
- In the event that pledged securities become ineligible as a result of a corporate action, the JSE will send out a market notice well in advanced to all impacted clients advising to start substituting out these securities
- In addition, the JSE may gradually start to limit the amount of these securities that may be pledged a few days leading up to last date of trade (LDT)

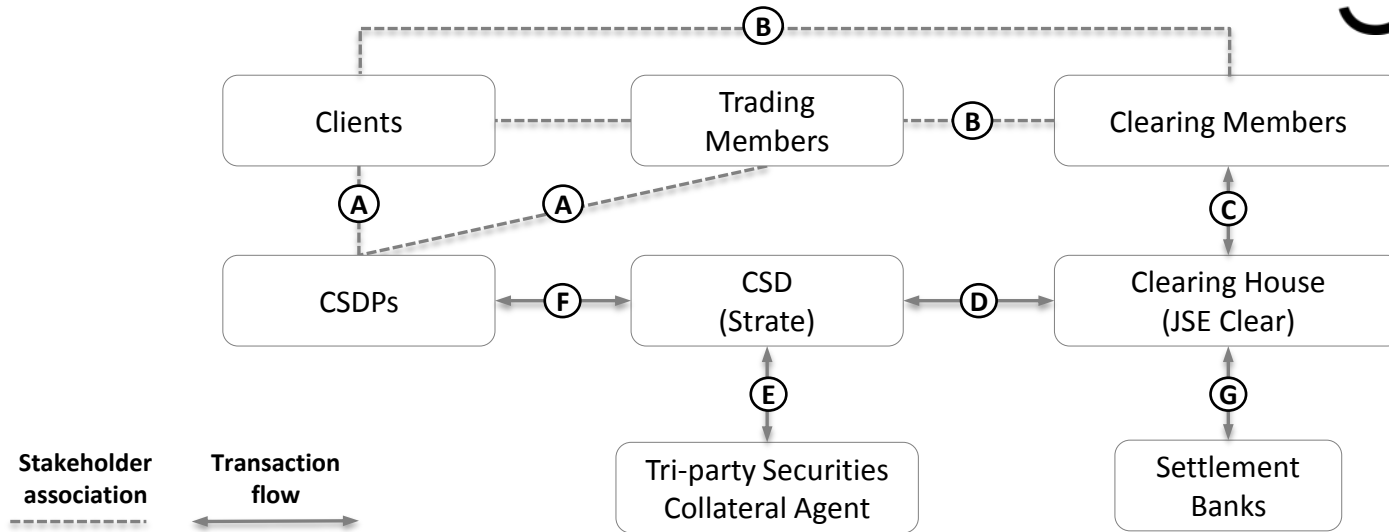


Primary stakeholders

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Primary Stakeholders

Stakeholder association and collateral transaction flows



Associations and transaction flows:

- A) Clients and Trading Members to setup Segregated Depository Accounts (SDA) at the CSD via their CSPDs for the pledging of securities collateral
- B) Initial margin amounts confirmed by JSE Clear with Clearing Members as part of the daily end-of-day process
- C) Allowable securities margin amount sent to Strate per Client and Trading Member for securities collateralisation
- D) Utilising their tri-party securities collateral service, Strate will allocate or release securities as available in Client and Trading Member SDA accounts
- E) CSDPs are required to commit to all security pledge and release requests in order for them to be valid
- F) JSE to determine remaining cash amount required (i.e. total margin required less pledged securities) and cash settlements are done via the settlement banks



Collateral processing steps and times

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Collateral processing steps and timings



The following key processes are applicable to managing collateral:

- **End-of-day:** pledging of securities and ZAR cash collateral against initial margin
- **Intra-day rebalancing:**
 - Withdrawal of pledged securities (call for more cash)
 - Release of cash where additional securities have been pledged
 - Revaluing of pledged securities resulting in top-ups/releases
- **Throughout the day:** Securities for securities substitutions
- **Corporate actions:** processing of corporate action events against pledged securities
- **Default management:** Selling off or transferring of securities and FX collateral in the event of a default



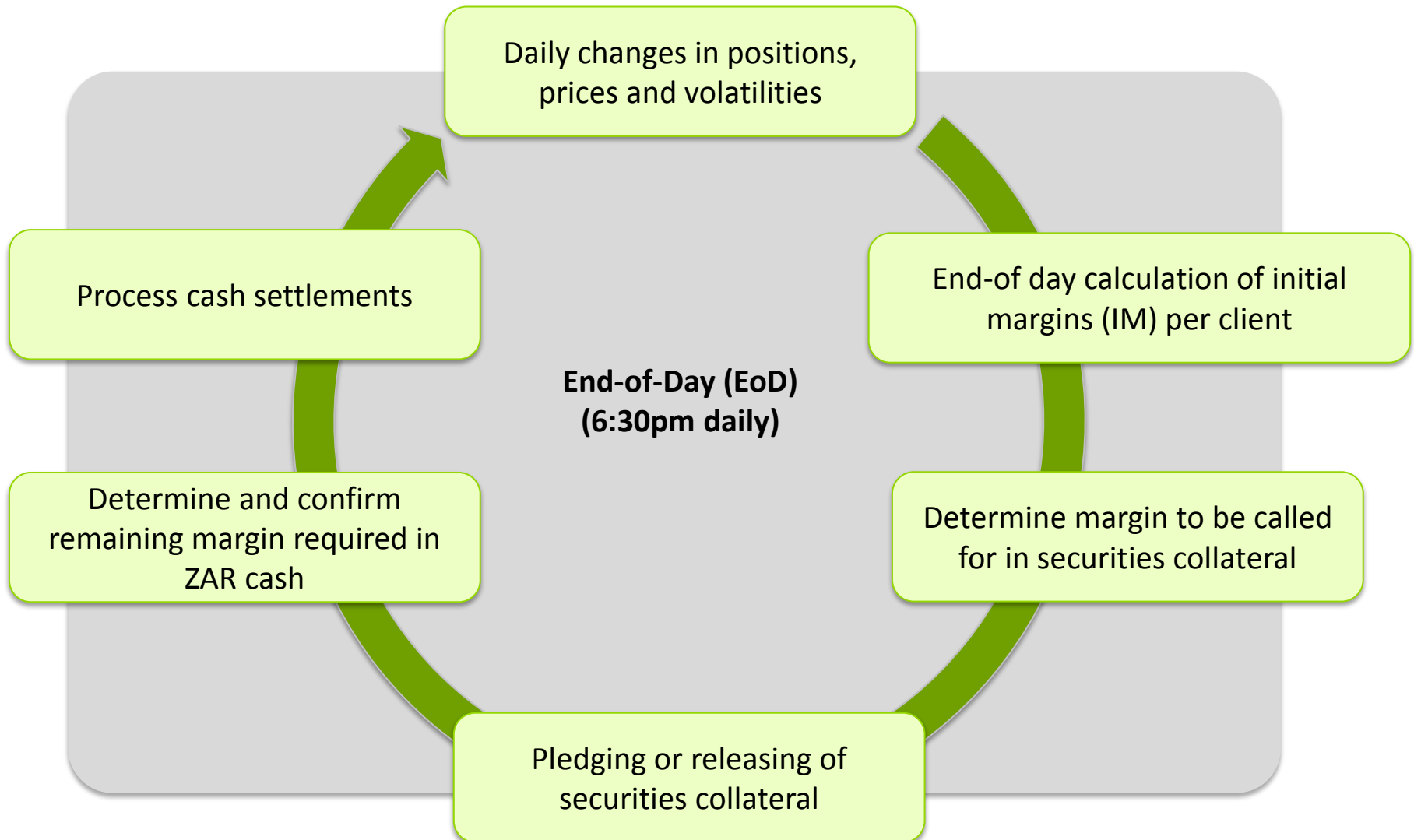
Collateral processing steps and times

End-of-day (EoD)

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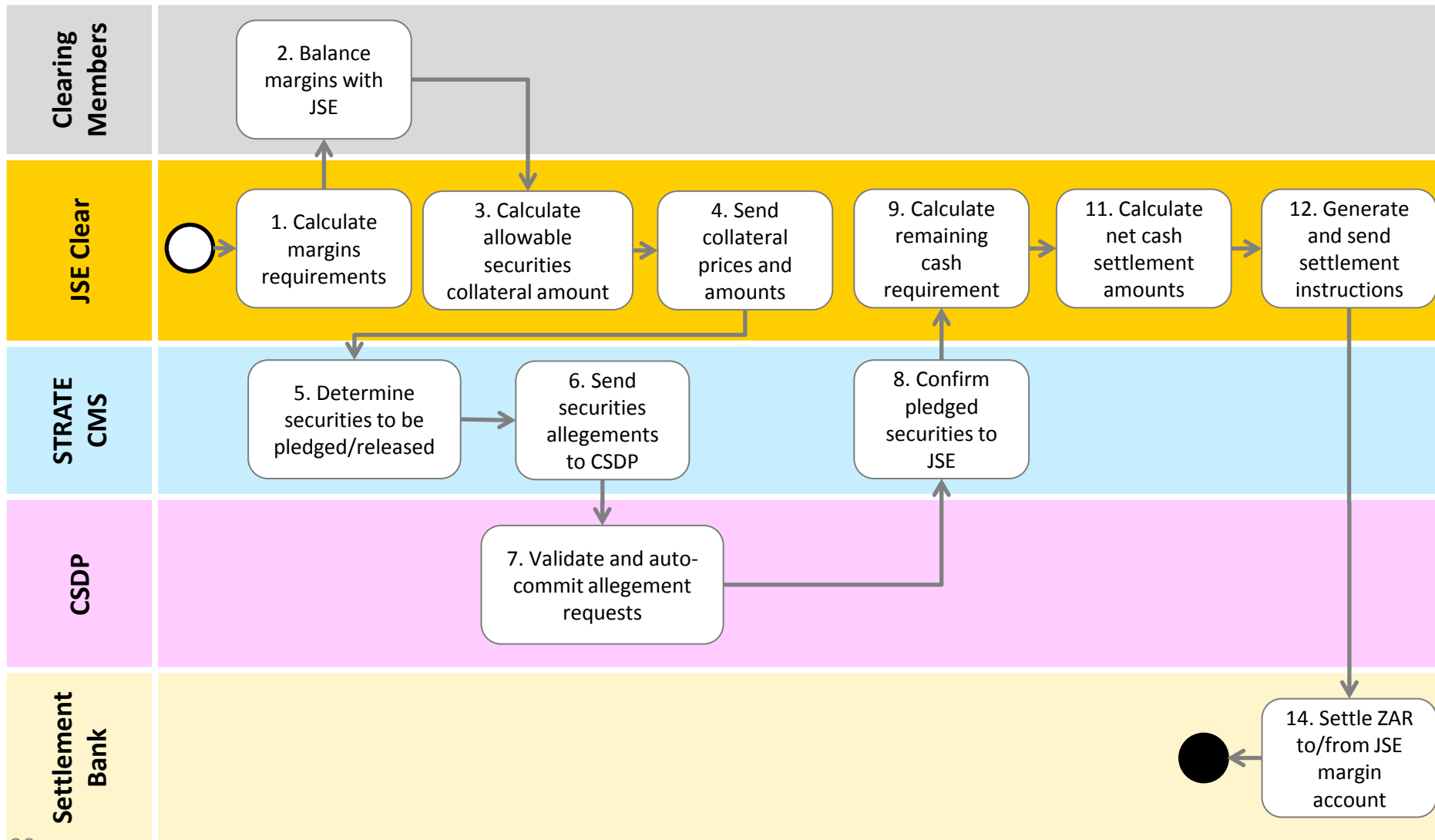
Collateral processing steps and times

End-of-Day (EoD) – Process overview



Collateral processing steps and times

End-of-Day (EoD) – Processing steps



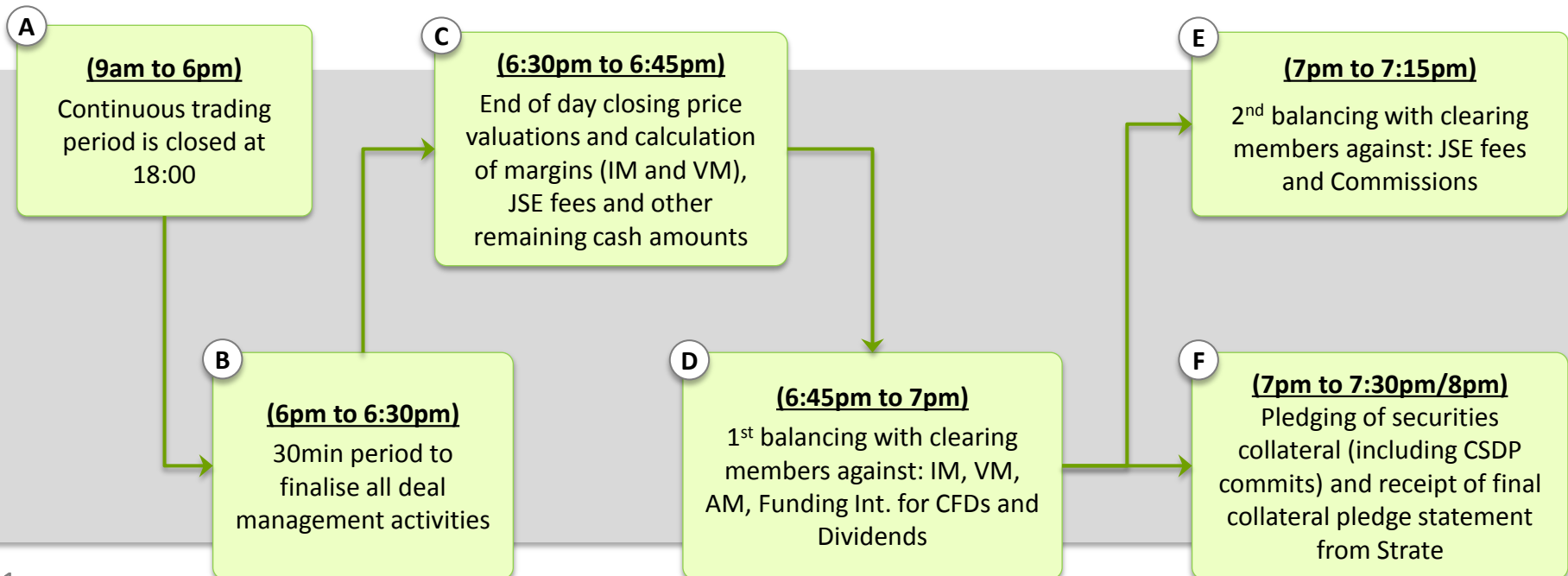
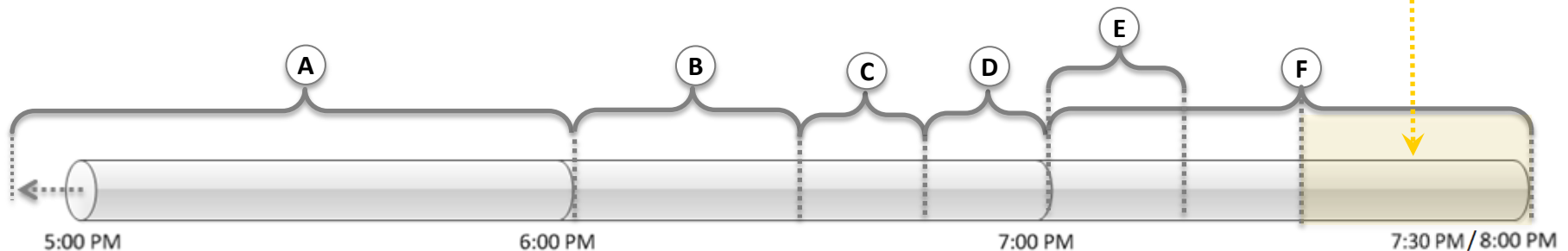
Collateral processing steps and times

End-of-Day (EoD) – Indicative processing times

NB. The following timelines are indicative and will be firmed up in consultation with market participants

JSE

Investigations with Strate currently underway to reduce processing time from 1h down to 30min



Collateral processing steps and times

End-of-Day (EoD) – Key considerations



- Clearing members to balance with the JSE within the defined balancing time periods
- CSDPs must commit to all securities being pledged to the JSE
 - If CSDP commits are not received within the pledge period, clients' securities will not be pledged to the JSE and IM will need to be covered in ZAR
 - The securities will then only be pledged during the start of the following business day (subject to CSDP commit) with cash being released during the intra-day rebalancing process
- In order to pledge securities to the JSE, clients must have their eligible securities transferred into their Strate SDA account before the start of the end-of-day process
- Only security collateral top-ups, new pledges and releases of pledges due to decreased exposures will be facilitated during the end-of-day process
 - Security withdrawals will be facilitated during the intraday collateral rebalancing process

Collateral processing steps and times

End-of-Day (EoD) – Key considerations (cont.)



- Delays or issues experienced during the EoD process may result in processing times being pushed out or a rerun being required. Some of the potential delays or issues could be:
 - Incorrect closing prices
 - Clearing members not balancing on margin or other cash amounts
 - Potential system issues at JSE, Strate, CSDPs or Clearing members
- The JSE will ensure that appropriate operational risk mitigations are put in place to minimise delays or reruns during EoD processing
- JSE will continue to work with relevant stakeholders to optimise and reduce the overall EoD process time



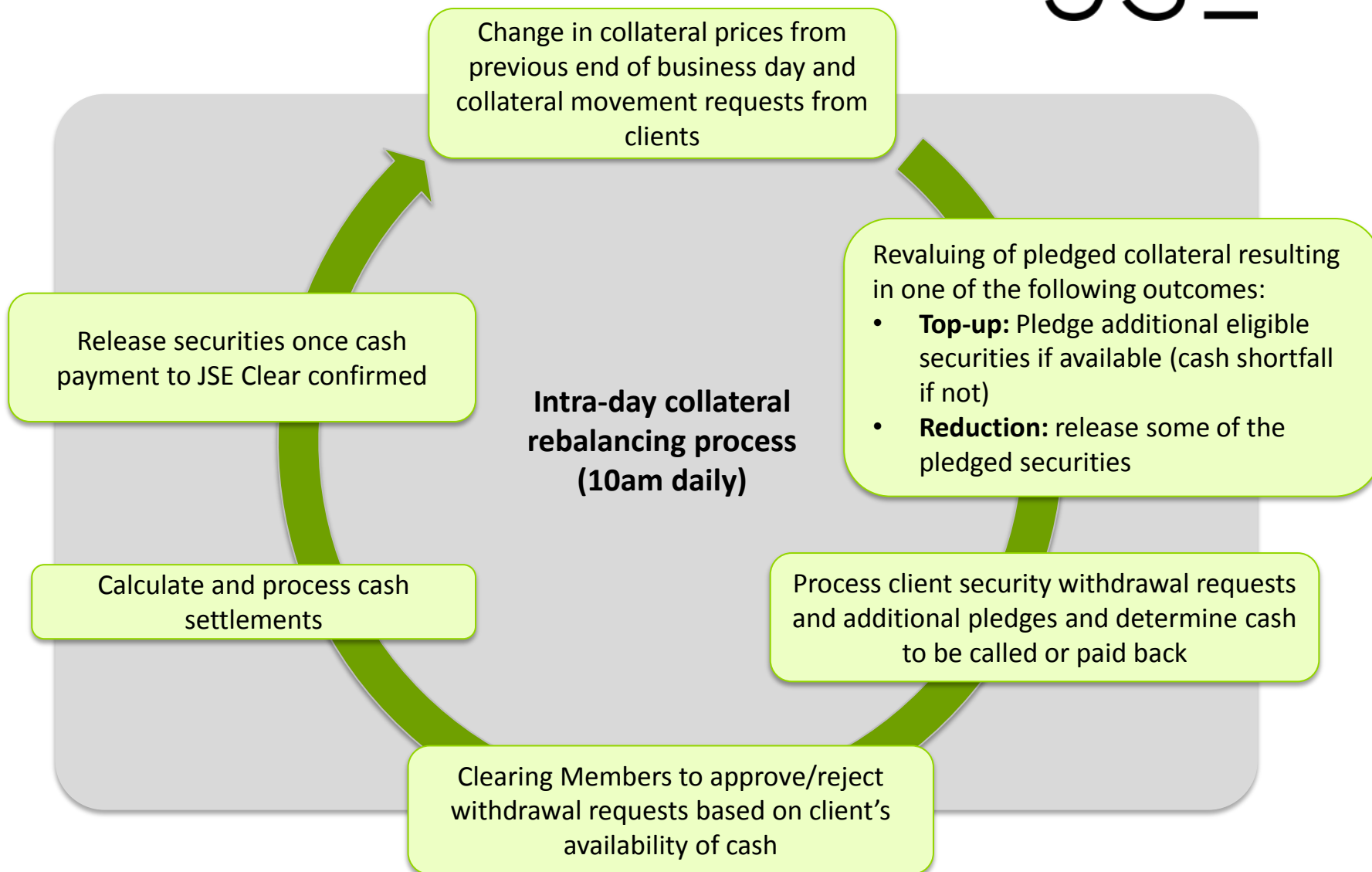
Collateral processing steps and times

Intra-day rebalancing

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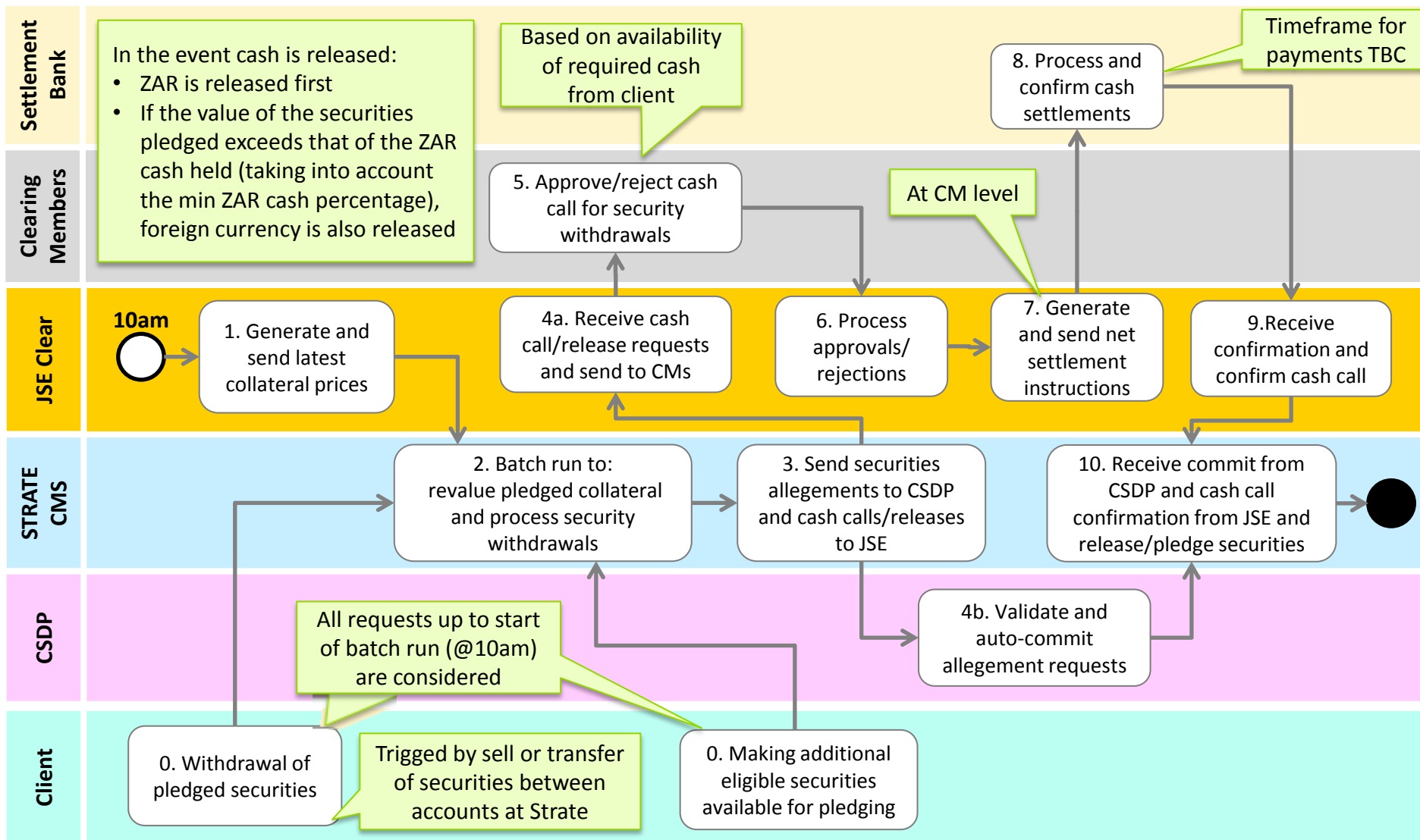
Collateral processing steps and times

Intra-day rebalancing – Process overview



Collateral processing steps and times

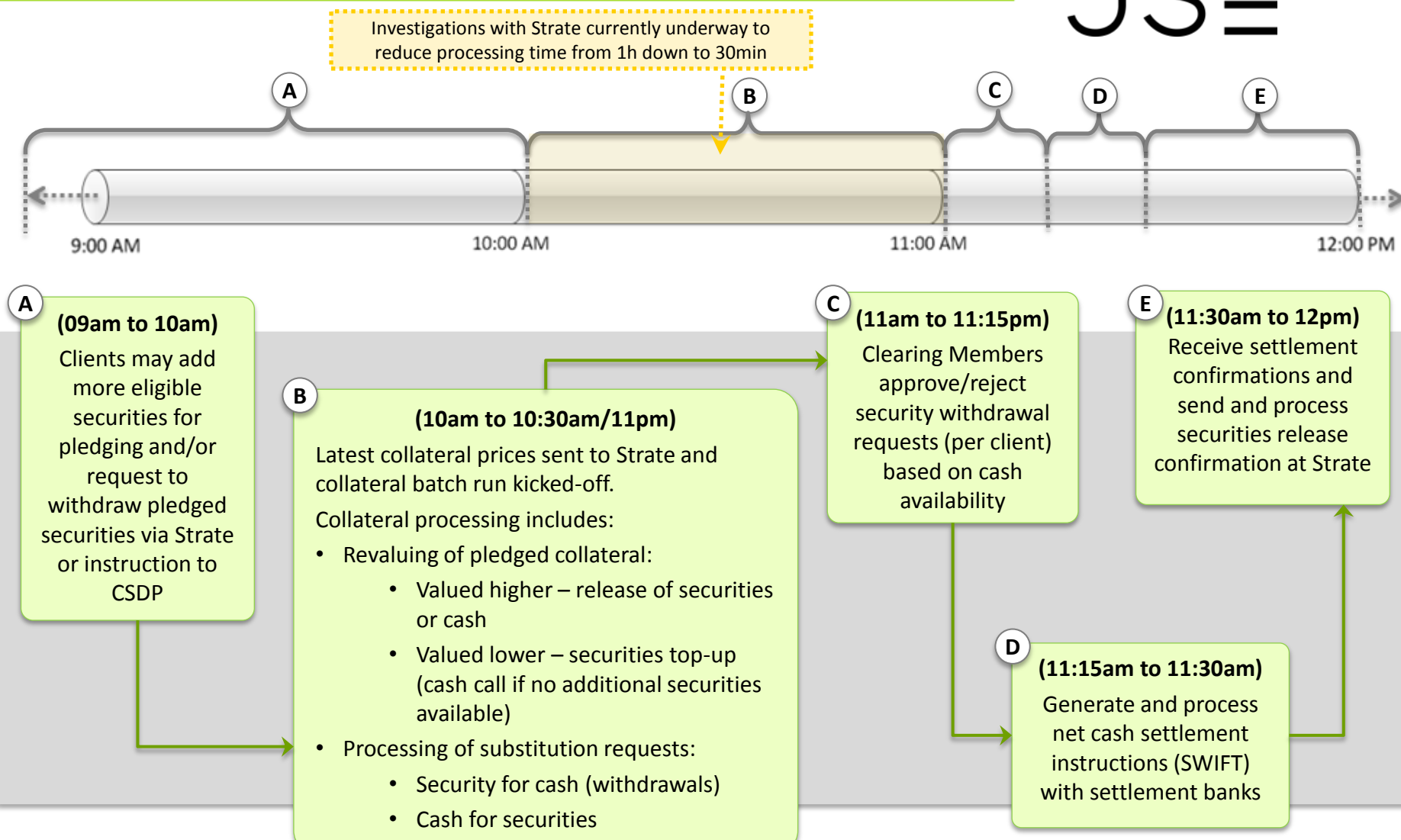
Intra-day rebalancing – Processing steps



Securities collateral business processes

Intra-day rebalancing – Indicative processing times

NB. The following timelines are indicative and will be firmed up in consultation with market participants



Note: Securities for securities substitutions are processed throughout the day

Collateral processing steps and times

Intra-day rebalancing – Key considerations



- Clients may perform **security for security** substitutions continuously throughout the business day
- All **cash for security** substitution (i.e. security withdrawal) requests received after 10am will only be processed during the intra-day rebalancing process the following business day
- Any additional securities that are made available for pledging (i.e. **securities for cash** substitution) throughout the day will be pledged to the JSE if within the maximum securities collateral allowance limit
 - The cash release as a result of the additional pledged securities will only be done during the intra-day rebalancing process or at EoD – clients may be over collateralised for a few hours in this case

Collateral processing steps and times

Intra-day rebalancing – Key considerations (cont.)



- In order to fully service all client collateral substitutions and top-ups/releases due to revaluation of collateral:
 - Clearing members must be able to timeously approve all client cash calls – if not approved/rejected in time, security withdrawal requests will be failed by the JSE
 - CSDPs will need to perform commits continuously or periodically by certain cut-off times during the day; auto-commit capability required
- All intra-day cash settlement instructions must be processed and confirmed before SAMOS cut-off



Collateral processing steps and times

Corporate actions

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Collateral processing steps and times

Corporate actions – Process overview



- **Step A:** Daily update of corporate action schedule
- **Step B:** JSE assess and identifies all corporate action events that may have an impact on any of the JSE eligible securities collateral. Two possible assessment outcomes:
 - Securities become ineligible e.g. de-listing, name change
 - Security remain eligible e.g. cash dividend
- **Step C:** JSE to send out a corporate action market notice to all clients who have pledged securities that are impacted
- **Step D:** Upon (LDT-5), JSE may start to gradually reduce the maximum value that can be pledged for securities that will become ineligible
 - This is done to minimise large potential cash calls at EoD on Record Date (LDT+3)

Collateral processing steps and times

Corporate actions – Process overview (cont.)



- **Step E:** Upon (LDT-3):
 - Strate will automatically start triggering substitution requests (securities for securities or cash for securities) for all securities that will become ineligible
- **Step F:** Upon (LDT):
 - For pledged securities that will remain eligible, Strate will automatically lock all pledges between LDT and Record Date (RD)
- **Step F:** Upon (LDT+3) i.e. Record Date:
 - pledged securities that remain eligible will be unlocked
 - remaining pledged securities that are ineligible will be automatically unpledged, resulting in a mandatory cash call at EoD

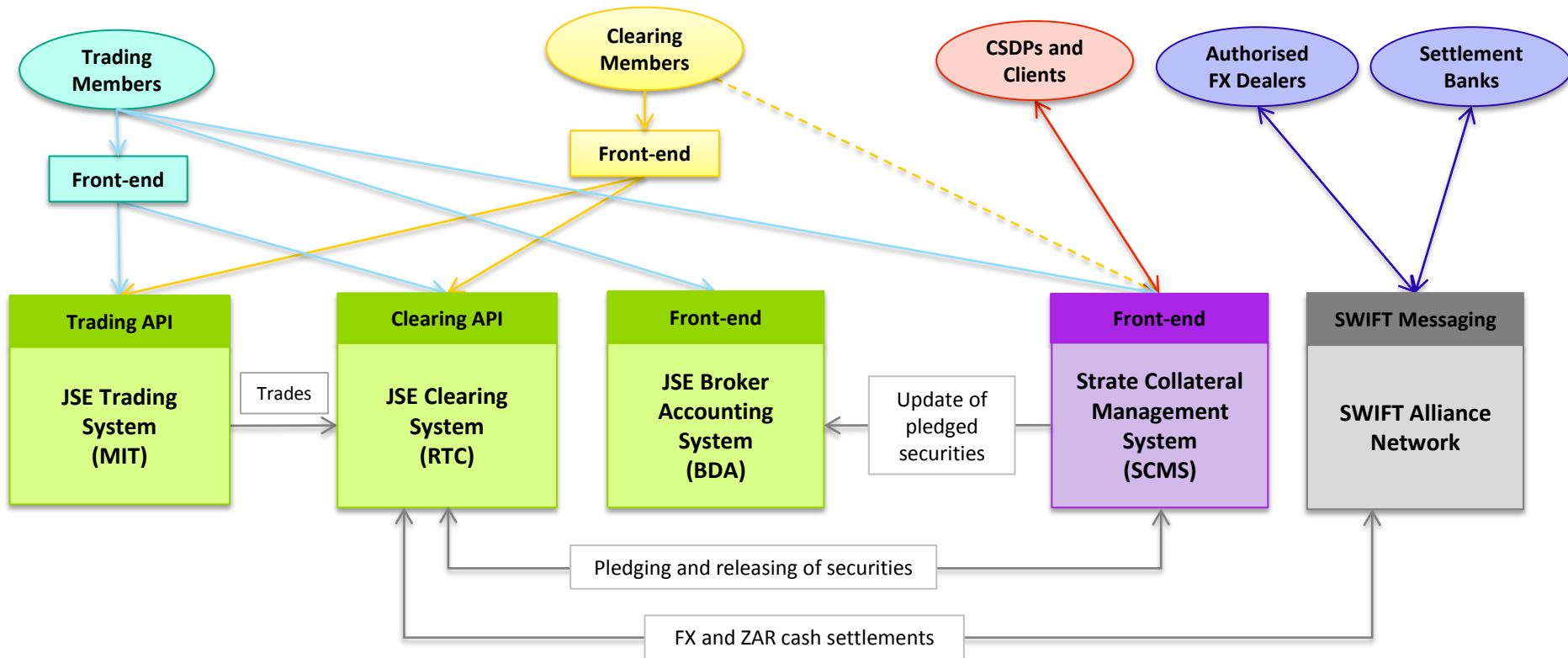


Collateral systems and interfaces

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Collateral systems and interfaces

JSE



Clients and Trading Members will have access to a secure web based front-end, provided by Strate, that will enable them to input all collateral management instructions, view the real-time status of instructions, and track settlement of collateral positions down to security level



Client enablement

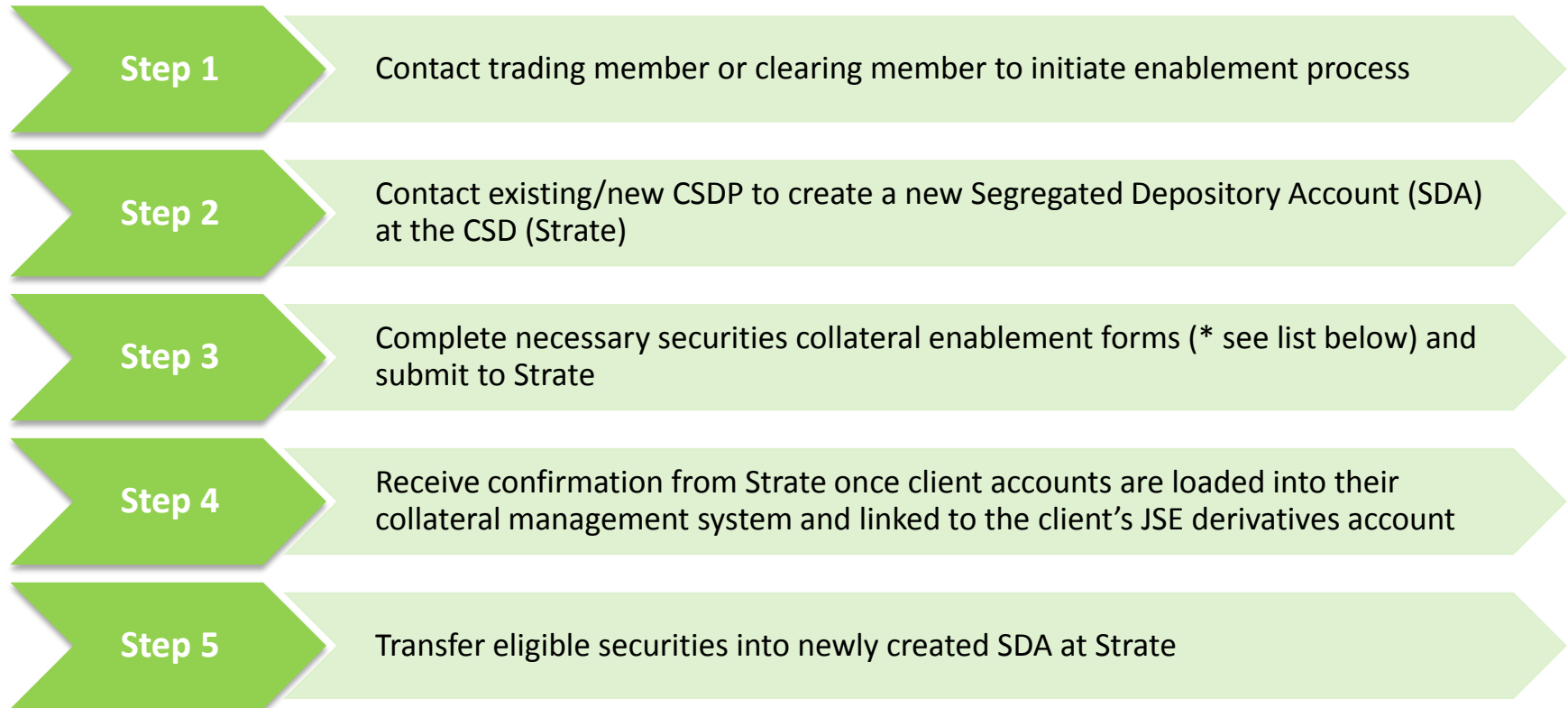
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Client enablement

Client enablement process



Steps to be followed by clients to be enabled for securities collateral service:



*** List of forms to be completed by all new clients at Strate:**

- Collateral Management Service Agreement (CMSA) for Collateral Givers
- Customer and Segregated Depository Application Form
- Strate Collateral Management Eligibility Giver Forms

Client enablement

Client enablement process – Key considerations



- The current securities collateral solution is available to:
 - Derivative trading members/brokers (in their proprietary capacity), and
 - Non-controlled equity clients that trade in JSE derivative markets

(Investigations currently underway to enable this service for controlled equity clients that trade in the JSE derivative markets)
- Loading of new client accounts onto the Strate collateral management system is limited to 3 to 5 clients per business day
 - **Clients wishing to make use of this service are advised to sign-up as soon as possible**



Please contact the JSE for any questions or further information that may be required:



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Appendix – A

Margin types



- **Initial Margin (IM)** – collected by the CCP to mitigate losses in the case of default. This margin is returned to the Trading member or client on closeout of their position. IM collected by the CCP includes Settlement Margin for contracts that are physically settled where the IM is held for 5 business days after Futures Close Out.
- **Variation Margin (VM)** – refers to the cash movements relating to daily profits and losses on positions held. The positions are marked-to-market/marked-to-model each day to calculate the daily profit and loss, which must be settled by midday on the following day. Variation margin is (and will continue to be) payable in cash based on the trading currency and is not held by JSE Clear (due to the net zero sum game, JSE Clear effectively just facilitates payment between daily winners and losers).
- **Additional Margin (AM)** – this margin requirement is requested or called by the Clearing Member or Trading Member who may request additional margin from clients should they see the need to do so and as with IM, this margin is returned once the positions which attracted the additional margin have been closed out. This margin may be held by the Clearing Member or Trading member or JSE Clear (where requested).
- **Add-on Margin** – this margin forms part of IM and includes the liquidation period and the large exposure (or large position) add-on's.
- **Default Fund** – this is a fund created to manage potential defaults the derivatives market.

Appendix – B

FAQs



Question 1:

Can the Clearing Member (e.g. ABSA) pay ZAR to the JSE in lieu of non-ZAR collateral being placed by members or underlying clients, alternatively can the Clearing Member place non-ZAR collateral to the JSE in lieu of ZAR collateral being placed by members or underlying clients?

- *This type of collateral transformation is unfortunately not allowed.*
- *In principle, whatever collateral type (i.e. ZAR or non-ZAR) that gets placed with JSE Clear CCP, belongs to the end owner of the exposure. The JSE collateral management process and legal protections have been designed on this premise. As a result, the following implications are applicable:*
 - *The client has and wants to place cash*
 - *In this case the cash is paid to the clearing member (lets eliminate the trading member to keep this simple and focus on the principle) and the clearing member pays it to the clearing house. At no stage does that cash become the property of the clearing member. When the clearing house receives the cash it is the client's cash that has been received from the CM. This is because the principle obligation is from the Client to the Clearing House, and the CM is only the channel/method of payment.*
 - *The client has and wants to place securities*
 - *The client doesn't pledge/cede securities to the Clearing Member as the principle obligation is not to the Clearing Member but to the Clearing House, any such pledge would be invalid and unenforceable. When the Clearing House accepts securities, it will ask Strate (CSD) directly for securities from the client. What this means practically is that a client will have an SDA at Strate, not just an account with his CSDP, and therein will be recorded a pledge to JSE Clearing House.*
- *If any party wants to pledge securities to JSE they may only do so as security for their own principle obligations not any obligations as guarantor. A Clearing Member will have to agree to a client of theirs pledging securities to JSE prior to JSE calling for securities from any client.*
- *In the current setup the cash paid by the client for IM is paid to the clearing house and not to the CM. When the cash is received by the clearing house it belongs to the client. Should the clearing member pay on behalf of the client, that money when at the clearing house belongs to the client and the CM has provided a loan for consumption to the client (bilaterally for which he may or may not want security).*
- *It is also important to understand that the variation margin obligation of the client is the client's principal obligation to the clearing house which only he can secure although it is guaranteed by the CM. Any security being put up for a future obligation has to be done in a principal capacity for there to be a real right over the asset.*
- *When JSE Clear accepts securities collateral it has to be from the principal obligor which is the client.*
- *However, there is nothing that prohibits the CM from lending securities to the client on a bilateral basis (and potentially accepting cash as security against that loan). The security is then the property of the client who can post it in his own name to the clearing house.*

Appendix – B

FAQs (cont.)



Question 2:

How will the stockbroking arm (separate legal entity) of the business post collateral on-behalf of their prop trading desk without incurring STT charges via the cession mechanism?

- *As explained above, different legal entities unfortunately may not post collateral on behalf of each other. The collateral has to be yours to post for your own exposure, e.g. if ABSA Global markets wants to post equities and those equities are owned by ABSA stockbrokers, ABSA Global markets will have to borrow or buy the securities from ABSA Stockbrokers, so that Global Markets can then pledge the securities on to JSE.*

Question 3:

When will we know if FX collateral will be taken live with ITaC P1?

- *The JSE is still awaiting final approvals/legislative changes from national regulators and continues to push for these. If firm and positive indication is not received shortly a call will be made on whether or not to remove the testing and launch of FX collateral from ITaC Project 1. We expect to make this call by the next ITaC Clearing Member working group scheduled for 19 July. However until then our position is to include FX collateral in Project 1 so that we are able to turn it on and offer this to non-res clients as soon as regulatory approvals materialise, even if post the project 1 go-live date. Note FX collateral is not a mandatory service and it is up to clearing members as to whether they wish to offer this to their clients now or in the future. If not CMs do not need to build and test this functionality in project 1.*

Appendix – B

FAQs (cont.)

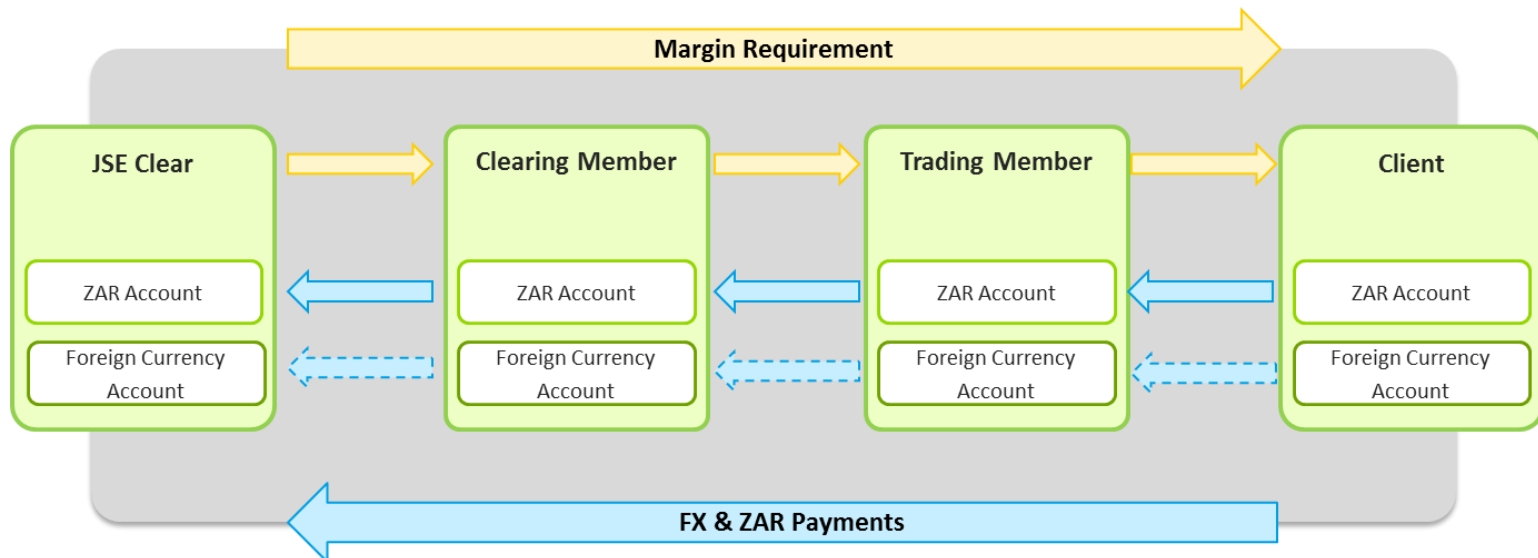


Question 4:

How will the FX accounts need to be setup on the CM side and how will interest on FX be managed?

- *Clearing Members will need to define and setup their client FX accounts in line with the requirements and restrictions that are defined by the regulator. Note the regulatory approvals and/or legislative changes that the JSE is seeking in support of the FX collateral initiative may relax some of the existing restrictions on FX accounts. FX collateral will be managed in a similar manner to ZAR cash whereby the applicable FX cash will be transferred from the client's CFC account to the JSE's CFC account. Interest received in FX collateral will be passed on in same way as ZAR interest is passed on today. Illustrative diagram of accounts and flows below:*

Foreign currency flows between foreign currency (Nostro) accounts held at Authorised Dealers at the CM, TM and client level:



Appendix – B

FAQs (cont.)



Question 4:

When will we announce the securities collateral allowable percentage limit?

- *The exact allowable percentage will be announced in the month before go-live (Q1 2018) as it depends on market conditions, volatility etc. at the time, however we should be able to provide indicative allowable percentage, eligibility lists and valuation haircuts earlier than that (Q3/4 2017).*

Question 5:

What are the all in (JSE and Strate) costs for pledging securities collateral?

- *JSE Costs have not been finalised. Participants will have to ask Strate about their costs.*

Question 6:

When will equities be available for pledging and which ones?

- *In order to ensure the stability and sound mechanics of the new securities collateral service, only liquid government bonds will be eligible upon go-live of the service. Once stability of the service is proven, high quality, liquid equities will start being made eligible shortly thereafter. JSE will publish a list of eligible equities along with haircuts as and when they become allowed for covering IM obligations. This will depend on each security's volatility and liquidity at the time of accepting securities.*