

SERVICE HOTLINE

Number: 129/2025
Date: 31 October 2025

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Designation: Valuations Manager

BOND IMPLIED VOLATILITY SURFACE - ENHANCED METHODOLOGY

Following recent feedback from market participants that current bond volatilities (used for pricing bond options) do not fully reflect prevailing market conditions, the JSE has enhanced its methodology for deriving bond volatility skews.

As of 30 October 2025, we have sourced swaption volatility skews directly from market participants and aggregated these contributions, excluding outliers. This aggregated skew is combined with vendor-supplied volatilities for tenors and expiries where no participant data is available. This approach ensures a more representative and market-aligned volatility surface.

The Bond implied volatilities will be refreshed today ahead of month-end.

Call for Contributions:

Participants in the bond options market are encouraged to submit their swaption volatility data whenever the JSE issues a request for contributions. Your input is critical to maintaining accurate and robust pricing standards.

For any queries related to this change, please contact:

The JSE Valuations Team: valuations@jse.co.za

MARKETS / SERVICES:

- ☐ Equity Market
- ☐ Equity Derivatives Market
- ☒ Interest Rate Derivatives Market
- ☐ Currency Derivatives Market
- ☐ Commodity Derivatives Market
- ☐ Bond Market
- ☐ Bond ETP Market
- ☐ JSE Broker Deal Accounting (BDA)
- ☐ Real Time Clearing (RTC)
- ☐ Colocation
- ☐ International Access Point (IAP)
- ☐ EOD Information Subscribers
- ☐ Live Information Subscribers

ENVIRONMENT:

Production

ADDITIONAL INFORMATION:

If you have any queries about this announcement, please contact the Client Service Centre on +27 11 520 7777 or customersupport@jse.co.za