

SERVICE HOTLINE

REFERENCE NUMBER: 157/2017

23 August 2017

REVISED MINIMUM RESERVE SIZE (MRS) METHODOLOGY: PEGGED HIDDEN ORDER AND EOD VOLUME AUCTION FUNCTIONALITY

Based on feedback from market participants, the JSE is revising its MRS methodology with the objective to simplify the calculation and reduce the size requirement of MRS; the details of which are specified below.

Pegged Hidden Order functionality enables clients to enter large in size, non-visible, central order book, bids and offers for efficient execution of large-in-size orders. The size requirement for each instrument is managed by the trading engine with two reference fields: Minimum Reserve Size (MRS), and Minimum Execution Size (MES).

The MRS is determined by the JSE and is the minimum quantity of shares that needs to be entered for an order to be deemed large enough to be hidden. The MES is specified by the client and must always be equal to or greater than MRS. MES thereby enables clients to specify the minimum size an order needs to execute at.

The EOD volume auction which takes places approximately 17:10 – 17:15 will also see a change in order entry by nature of the MRS change. This session matches non-visible bids and offers, in a non-visible auction and price defined at the closing price. This session will see a reduction on the entry criteria for orders directly entered into this session, to the new MRS value.

Further information on the functionality is available in the [Volume 00- Trading and Information Overview](#).

Following a consultation with the market to assist participants in achieving minimal market impact when trying to find an opposite leg of a large-in-size order, the revised calculation for MRS will be changed as per **table 1**, with the intention to be effective from **23 September 2017**:

Table 1 – New Calculation

Segment	MRS Calculation
All	R10 Mil Value

Market/s:

JSE Equity Market

Environment(s):

Production

Additional Information:

If you have any queries about this announcement, please contact the Client Services Centre (CSC) on +27 11 520 7777 or e-mail Customersupport@jse.co.za

Issued By:

Valdene Reddy (Head: Equity & Equity Derivatives)

edm@jse.co.za

Table 2 – Current Calculation

Segment	MRS Calculation	Minimum Size Restriction (no of shares)
ZA01	15% ADV or R50mil notional, whichever the lesser	10 000
ZA02	15% ADV	25 000
ZA03	150% ADV	None
*ZA06	15% ADV	10 000

*ADV – Average Daily Volume for a 12 month period updated quarterly

The quantity of shares calculated for MRS will be based on R10 million. ($R10,000,000 / \text{Previous day's Rand Share Price} = \text{MRS share quantity}$). This calculation will be performed on a daily basis.

The MRS value will continue to be provided in the daily Instrument Equity client reference data file on the JSE's Information Delivery Portal (IDP) and on our website under the title **JSE Hidden Order Minimum Reserve Size**, available on the following link: [Market Statistics](#).

Communication will be sent to notify clients on the Go / No Go status of this change, on the implementation weekend, 23 September 2017.

Should you require further clarity on the change, please contact the customer support or EDM teams.