

SERVICE HOTLINE

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FEE CALCULATION CHANGE ON EQUITY DERIVATIVES PRODUCTS

On 28 November STT release includes an update to the order of calculation for all equity derivative products which operate on a basis point fee (i.e. futures and options on Indices, single stocks, international derivatives & Can-Do (vanilla) as well as the JSE CFD product). In essence, it is to improve accuracy from rounding between intermediate steps of the fee calculation.

Simple breakdown of change flow below:

Current calculation has two levels of rounding

$$\text{Step1} = \text{End of day spot price} \times \text{Nominal multiplier of contract} \times \text{basis point fee}$$

$$\text{Step2} = \text{Round to 2 decimal places (Step1)} \times \text{Number of contracts}$$

$$\text{Final fee} = \text{Rounded to 2 decimal places (Step2)}$$

Revised calculation with one level of rounding

$$\text{Step1} = \text{End of day spot price} \times \text{Nominal multiplier of contract} \times \text{basis point fee} \times \text{Number of contracts}$$

$$\text{Final Fee} = \text{Rounded to 2 decimal places (Step1)}$$

The net result is that the new fee model is a much more accurate representation of the basis point fee as per our current fee model.

Addition of a Parameter to the Vanilla Single Stock Can-Do Billing Model

The latest release includes a Maximum Fee and a Minimum Fee parameter.

Currently, the Vanilla Single Stock Can-Do Billing Model (also referred to as AnyDay SSF Billing Model) has a Maximum Fee of R18,000. Due to this release, this parameter will be incorporated directly into the model. In the past, market participants were required to adjust transactions manually to compensate for the lack of the Maximum Fee parameter. Once incorporated, there will be no need for market participants to adjust transactions manually. There is no change to any other parameter in this Fee Model.

Market:

- Equity Derivatives

Environment(s):

Production

Additional Information:

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

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