



Date: 01 April 2014

Ref No: 62/2014

## Service Hotline

### PROPOSED NEW CIRCUIT BREAKER TOLERANCES

A Circuit Breaker prevents unnatural price movements in an instrument by triggering a Volatility Auction Call Session. This provides traders with an opportunity to correct the order price, if necessary, or adjust to market sentiment/news.

Circuit Breaker (CB) tolerance is defined as a percentage in relation to the Static Reference Price and/or Dynamic Reference Price on an instrument.

If the difference between the price of the next trade and the Static or Dynamic Reference Price is equal or greater than that permitted by the CB tolerance defined for the relevant session, the instrument will automatically be moved into a Volatility Auction Call Session.

The Dynamic Tolerance levels have been defined only for segments ZA01 and ZA02. These tolerances were initially defined and applied in 2002. Static Tolerance levels were implemented in July 2012 with the New Trading and Information Technology.

Trading patterns and behaviour have evolved over the years; recent market events has challenged Market Operators to examine whether current controls are adequate and effective. Taking all these aspects into consideration, the Market Structure guidelines published by the International Organisation of Securities Commission (IOSCO) and based on the data analysis, we recommend that the CB tolerance levels, both static and dynamic, be revised.

The JSE has consulted with the Equity Trading Advisory committee (TAC) who accepted the proposal and we would like to consult with the rest of the market participants to confirm if they are in agreement with the proposed changes. The table below depicts the current and proposed tolerance levels:

#### Markets / Service (s):

- Equity Market

#### Environment(s):

- Production
- CTS

#### Additional Information:

#### Contact:

For further information please contact Customer Support:

011 520 7777 or email  
[Customersupport@jse.co.za](mailto:Customersupport@jse.co.za)



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Segment	Trading Session	Current Dynamic Tolerance	Proposed Dynamic Tolerance	Current Static Tolerance	Proposed Static Tolerance
ZA01	Auction Call Session	10	6	15	8
	Continuous Trading	5	3	10	10
ZA02	Auction Call Session	15	10	30	20
	Continuous Trading	10	5	20	15

Can we request that you provide feedback on the proposed tolerances by emailing [Eqmarket@jse.co.za](mailto:Eqmarket@jse.co.za) by close of business on Friday, 2 May 2014.

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