

SERVICE HOTLINE

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CORRECTION TO THE VALUATION OF THE BROKEN FIRST COUPON FOR FIXED RATE INSTRUMENTS

JSE fixed rate bonds price assuming full coupon periods and full coupon amounts from the issue date. The JSE Valuations have included an adjustment for the coupon size to account for the broken first coupon where this is included in the APS. The First Accrual Date is used in conjunction with the first coupon date to calculate the amount of the first coupon:

$$\text{Broken First Coupon} = \text{Coupon Rate} \times \frac{\text{First Interest Date} - \text{First Accrual Date}}{365}$$

The broken period tenor that is used to discount the coupon to the settlement date has, not been adjusted to account for the shorter coupon period. A correction will be made to this calculation in the Valuation system to account for the shorter discount period. This should have the effect of increasing the value of the discount factor and thus each bond that is still within the first broken first interest period. The instruments which will be affected by this change include the following:

ASC054
 ASC055
 BYA106
 BYA107
 RS2029
 RS2031
 RS2034
 RS2036
 T18A33

Those instruments that are marked at their par yield will converge accordingly to their par value. This change will, for now, only be implemented in the Valuation system.

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(S):

Production

ADDITIONAL INFORMATION:

If you have any queries about this announcement, please contact the Client Service Centre on +27 11 520 7777 or

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