

## SERVICE HOTLINE

### REFERENCE NUMBER: 008/2023

20 January 2023

## CORRECTION TO IMPLIED VOLATILITY SURFACE

The JSE has, in the past month, automated the consumption of Currency options implied volatility data from a third-party data provider. The implied volatility data is updated daily, in line with the processing for the end of day valuations.

An issue was picked up by a member that affected the consistency of the data for the near expiry (13MAR23) for the USDZAR currency pair for the close on 17 January 2023. On careful inspection, the issue affected the MTM on 16 January 2023 as well.

While the ATM implied volatility remained correct as received from the vendor provider, the misalignment of the skew points affected the entire skew for both days. Below is an indication of the skew on the days where the issue was picked up.

ATM Implied Vol	15.9252%	16.3141%	16.4187%	16.4339%	16.4684%
Tenor	0.1616	0.1534	0.1507	0.1479	0.1452
Moneyness	13-Jan-23	16-Jan-23	17-Jan-23	18-Jan-23	19-Jan-23
70	-0.9505%	0%	-0.9899%	-0.9759%	-0.9800%
90	-0.9977%	0.8266%	-0.9900%	-1.0193%	-1.0557%
95	-0.8091%	0.8266%	-1.0333%	-0.8427%	-0.7763%
97.5	-0.5568%	1.7728%	-1.0333%	-0.5832%	-0.5339%
100	0%	1.7727%	-0.8435%	0%	0%
102.5	0.7923%	3.5017%	-0.8435%	0.8451%	0.7275%
105	1.6988%	3.5017%	-0.5870%	1.8172%	1.5638%
110	3.3697%	6.7900%	-0.5870%	3.5909%	3.1205%
130	6.6400%	6.7900%	0%	6.9020%	6.8882%

A fix has been applied checks performed for the close on 18 January 2023. A longer-term fix has been automated, tested, and will be applied as from the close on 19 January 2023. The team will continue to monitor the solution and perform regular checks for data consistency.

Apologies for any inconvenience to you and your clients.

### Market / Service:

JSE Derivative Markets

- Currency Derivatives

### Environment:

Production

### Additional Information:

If you have any queries about this announcement, please contact the Client Service Centre (CSC) on +27 11 520 7777 or e-mail

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