

## SERVICE HOTLINE

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**Designation:** Head - Equity and Equity Derivatives

### EDM – REMINDER - ACCURATE OPTIONS INPUTS REQUIRED

We have observed that some clients are incorrectly submitting required fields when trading Reported option trades, namely the underlying future price. While the traded premium is the key matching criterion, the underlying future price is critical for the trading engine to calculate the correct implied volatility related to the trade being reported to the exchange.

This is important in both publishing the correct level to the market (via the JSE's trade statistics), and for the market-to-market (MTM) of the options. MTM plays an important role in establishing the initial margin rate (IMR) and the ongoing variation margin of listed options. An incorrect underlying future price captured by a trading member will inadvertently lead to an incorrect implied volatility which is then published to the market and used downstream for valuation and clearing purposes.

We urge all clients to ensure that reported trades on options are booked correctly, with the underlying future prices specified accurately. This field is critical in ensuring reliability of our data and the integrity of our markets.

We appreciate your co-operation in this matter and remain committed to providing you with the highest level of service.

#### MARKET / SERVICE:

- 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:

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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