

## SERVICE HOTLINE

**REFERENCE NUMBER:** 074/2022

3 June 2022

## CALCULATION OF INCORRECT IMPLIED SPREADS

The implied spread calculator is used where members do not enter reported spreads for corporate bonds. The model calculated incorrect implied spreads on 31 May 2022 for the floating rate bond instruments where the traded spread was not reported by trading members. The error in the model was due to the importing of the incorrect 3-month Jibar reset applied to the “Next Coupon Date” for the instruments in question. This model issue has been identified by the valuations team and will be corrected.

The tables below are an indication of the correct implied spreads (in basis points) as should have been applied, along with the correct All-In-Price (AIP) and Clean Price (CP) for each instrument. The indications have been shown for 31 May 2022.

Bond Code	Reported AIP	Incorrect Implied Spread (bps)	Incorrect MTM AIP	Incorrect MTM CP
ABFN25	101.633	110	101.876848	101.133053
ABFN16	100.4614	73	100.707952	100.322497
NBK43B	101.3471	88	101.735665	101.479331
NBK35B	101.2508	72	101.502725	101.078090
SOLB01	100.31929	-13	100.542590	100.194990
LGL09	102.5835	105	102.950413	102.869953
VKE16	100.2361	149	100.518999	100.217289

### 31 May 2022

Bond Code	Correct Implied Spread (bps)	Correct MTM AIP	Correct MTM CP	Difference to Reported AIP
ABFN25	120.5	101.648536	100.904741	0.0155
ABFN16	126	100.478293	100.092839	0.0169
NBK43B	111	101.363179	101.106845	0.0161
NBK35B	98	101.266901	100.842265	0.0161
SOLB01	104.4	100.319436	99.971836	0.0001
LGL09	122.6	102.584395	102.503935	0.0009
VKE16	160.7	100.236369	99.934660	0.0003

Please see attached sheet for additional corrections for [1 June 2022](#) and [2 June 2022](#).

The correct spreads will be implemented for the end of day valuations.

We apologise for any inconvenience to you and your clients.

### Market / Service:

JSE Interest Rate Market  
Information Subscribers

### Environment(s):

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 [CustomerSupport@jse.co.za](mailto:CustomerSupport@jse.co.za)

### Issued By:

Mzwandile Riba  
Head: Pricing Solutions  
+27 11 520 7412