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MARKET NOTICE

Number: 223/2025

Relates to:

- ☐ Equity Market
- ☐ Equity Derivatives Market
- ☐ Commodity Derivatives Market
- ☐ Currency Derivatives Market
- ☒ Interest Rate Derivatives Market
- ☐ Bond Market
- ☐ Bond ETP Market

Date: 07 July 2025

Subject: IRD LARGE EXPOSURE ADD-ON CALCULATION - STRESS TESTING SCENARIO DEFINITIONS – 10 JULY 2025

Name and Surname: Alex Comninos

Designation: JSE Clear - Chief Risk Officer

Dear Client,

JSE Clear will be implementing a risk management update to certain interest rate stress testing scenarios (nominal and real curve stresses) on Thursday, 10 July 2025, which is expected to result in a margin increase in terms of the Large Exposure Add-on (LEAO) margin for impacted participants. The stress testing scenarios are also applied in JSE Clear's daily credit stress testing that is monitored to ensure the sufficiency of prefunded resources – initial margin and default fund – that would be required to manage a default and safeguard the market. Additional details are provided below.

Update to nominal and real curve stress testing scenarios (approved by the Risk Committee in Q2 2025) that are used in the Default Fund exposure and Large Exposure Add-on margin calculations.

- Previously, zero stresses were specified for scenarios where the bootstrapped zero curve was unavailable. A revised approach using the yield curve when the bootstrapped zero curve is not available has been approved.
- Certain scenario values were initially rebased on outdated zero curves and have since been updated to reflect the latest zero curves.

Non-Executive Directors: Dr HA Nelson[†] (Chairman), LE Currie, Dr RM Lee[†], I Monale, FJ Oosthuizen[†], GE Raine[†], VJ Reddy, TW Spanner[†], K van Rensburg

Executive Directors: Dr A. Greenwood (CEO)

Company Secretary: GA Brookes

[†] Independent

- Historical Scenario 15 (“HS15”), which previously applied a yield curve tilt stress, has been revised to a parallel stress scenario to ensure exposures across all tenors are appropriately stressed.
- The update will be implemented after End of Day on Thursday, 10 July 2025.

The scenario adjustments will impact participants with very large portfolios due to the effect the updated scenarios will have on the LEAO margin. The margin impact of affected market participants (based on exposures as at 4 July 2025) will be communicated to their respective Clearing Members by JSE Clear.

JSE Clear will closely monitor the sufficiency of prefunded resources to assess whether any further changes are required.

Should you have any queries regarding this Market Notice, please contact risk@jse.co.za

This Market Notice is available on the JSE website at: [JSE Market Notices](#)