

MARKET NOTICE

Number: 190/2025

Relates to: ☐ Equity Market
☒ Equity Derivatives Market
☐ Commodity Derivatives Market
☐ Currency Derivatives Market
☐ Interest Rate Derivatives Market
☐ Bond Market
☐ Bond ETP Market

Date: 11 June 2025

SUBJECT: EXPANSION OF OUR VOLATILITY SERVICE OFFERING

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Designation: Manager - Information Services

Dear Client,

As part of our continued commitment to delivering value through continuous improvement and performance excellence, the Johannesburg Stock Exchange (JSE) is pleased to announce the expansion of the equity volatility skew universe. Equity volatility skews are a key input in the valuation of equity derivatives contracts.

The expanded volatility surface range will increase the coverage of our listed international equity options universe to now include additional international equities names and international ETFs. These newly traded options will be valued off their unique volatility skews, using the *JSE's modified Black option model*.

Volatility Skew Model Design

- Implied volatility surface data is obtained from ICE Data (Super Derivatives). Implied volatility skews are linearly interpolated from the implied volatility as received.
- An At-The-Money implied volatility is established per instrument, based primarily on any trade data that the exchange will receive from the counterparties to a trade.
- At weekly intervals, third party vendor data is used to recalculate the constant difference between the ATM term structure curves. This will be superseded by trade data if this is observed earlier or within the same period. The relative volatility skews themselves are also updated weekly, and/or on an ad hoc basis depending on market conditions, and at the discretion of the JSE valuations team.

Current methodology

- Currently the JSE applied the S&P500 volatility surface (universal ID: 1000485) to establish all the “relative skews” to each expiry date for all instruments underlying OCSOs and quanto options.

New methodology

- All newly listed JSE Quanto Options and JSE Out-of-Currency-Settlement Options (OCSOs) will now reference the appropriate skew upon request. For example, the JSE listed GOOGQ Quantos and OCSOs will be valued off the JSE GOOG Quanto Volatility Surface (universal ID: 1106114). Similarly, the JSE listed MXWOQ, NDDUWQ, NDUUEQ, MXEFQ, and MXWDQ Quantos and OCSOs will be valued off the JSE World Quanto Volatility Surface (universal ID: 1106112).
- All newly listed JSE Quanto Barrier Options and JSE OCSO Barriers will also now reference the appropriate skew. For example, the JSE listed HYBQ and HYGQ Quanto Barrier and OCSOs Barriers Options will be valued off the JSE HYG Quanto Volatility Surface (universal ID: 1106110). Similarly, the JSE listed 700Q Quanto Barrier and OCSOs Barriers Options will be valued off the JSE 700HK Quanto Volatility Surface (universal ID: 1106116).
- These changes are meant to enhance the MTM option valuation and margining of listed JSE Out-of-Currency-Settlement Options (OCSOs), JSE Quanto Options, JSE Quanto Barrier Options and JSE OCSO Barriers.
- The repurposed S&P500 volatility surface (universal ID: 1000485) which was used as a proxy for all international options, has now been renamed to the JSE US Vol Surface (universal ID: 1000485), and going forward will only reference JSE listed SPYQ quanto options, JSE listed SPYQ OCSOs and or JSE listed SPYQ Quanto Barrier Options, JSE listed SPYQ OCSO Barriers.

Please refer to the tables below for the new reference data.

PREVIOUS VOLATILITY SURFACE OFFERING

UniversalId	JSE Code	JSE Name
1000484	SSF Vol Surface	Single Stock Future Surface
1000486	ALSI Vol Surface	ALSI Vol Surface
1000485	World Vol Surface	World Vol Surface

NEW VOLATILITY SURFACE OFFERING

UniversalId	JSE Code	JSE Name
1000484	SSF Vol Surface	JSE SSF Vol Surface
1000486	ALSI Vol Surface	JSE ALSI Vol Surface
1000485	US Vol Surface	JSE US Quant Vol Surface
1106110	JSE HYG Quant Vol Surface	JSE HYG Quanto Volatility Surface
1106112	JSE WORLD Quant Vol Surface	JSE WORLD Quanto Volatility Surface
1106114	JSE GOOG Quant Vol Surface	JSE GOOG Quanto Volatility Surface
1106116	JSE 700HK Quant Vol Surface	JSE 700HK Quanto Volatility Surface
1106118	JSE NVDA Quant Vol Surface	JSE NVDA Quanto Volatility Surface
1106120	JSE DELL Quant Vol Surface	JSE DELL Quanto Volatility Surface
1106122	JSE TSLA Quant Vol Surface	JSE TSLA Quanto Volatility Surface

Please note that the skew methodology for the JSE SSF Vol Surface (Universal ID: 1000484) and the JSE ALSI Vol Surface (Universal ID: 1000486) will remain the same.

These changes will be implemented with effect from **Wednesday, 11 June 2025**.

- For any queries regarding the valuation methodologies above, please contact Valuations@jse.co.za
- For any queries regarding the impact of the above valuation methodology change on margining, please contact Risk@jse.co.za
- Should you require to list underlying quanto option and OCSO option names besides the ones listed above, please contact edm@jse.co.za

Should you have any queries regarding this Market Notice, please e-mail: customersupport@jse.co.za

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