

MARKET NOTICE

Number: 255/2023

Relates to:

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

Date: 21 June 2023

SUBJECT: CHANGES TO INITIAL MARGIN REQUIREMENTS FOR DERIVATIVE MARKETS

Name and Surname: Alex Comninos

Designation: Chief Risk Officer (JSE Clear)

Dear JSE Stakeholder

Further to recent market notices, please be informed that initial margin requirements will be adjusted in the equity and currency derivative markets.

JSE Clear continues to closely monitor current market conditions and the sufficiency of the central counterparty's prefunded resources to safeguard the derivative markets. On 9 and 12 June 2023 adjustments to the large exposure margin add-on threshold were implemented (refer to [Market Notice 230/2023](#)). These adjustments had the intended effect of reducing default fund exposure, however continued portfolio changes and high default fund exposures observed in the last week and post futures closeouts necessitate further margin adjustments.

Given the current default fund exposures are driven by a combination of a few large portfolios and a larger number of average size portfolios, and also considering current economic and geo-political risks, an adjustment to base margins (IMRs) has been determined as the appropriate measure to reduce default fund exposure.

Note IMRs reduced over March and April with the roll off the Covid stress period volatility (Mar/Apr 2020) from the rolling lookback period used in the JSE Clear margin methodology. The adjustment that will be implemented will increase IMRs towards margin levels prior to the Covid stress period roll off.

The updated margins will be implemented in the EOD margin run today for settlement tomorrow, 22 June 2023.

The updated EDM IM Parameters can be found at this directory:

- EDM – [https://www.jse.co.za/downloadable-files?RequestNode=/Initial Margin Parameter Data/Official Initial Margin Parameters/EDM](https://www.jse.co.za/downloadable-files?RequestNode=/Initial%20Margin%20Parameter%20Data/Official%20Initial%20Margin%20Parameters/EDM)

The updated FXD IM Parameters can be found at this directory:

- FXD – [https://www.jse.co.za/downloadable-files?RequestNode=/Initial Margin Parameter Data/Official Initial Margin Parameters/IRC/FX](https://www.jse.co.za/downloadable-files?RequestNode=/Initial%20Margin%20Parameter%20Data/Official%20Initial%20Margin%20Parameters/IRC/FX)

JSE Clear will continue to closely monitor exposures, risks and the sufficiency of prefunded resources and will communicate should any further margin management actions in one or more markets be necessary.

For any queries regarding the location of the files containing these parameters, please contact the Client Service Centre (CSC) on +27 11 520 7777 or CustomerSupport@jse.co.za

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

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