

MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 276/2020
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Currency Derivatives
 Interest Rate Derivatives
Date: 28 May 2020

SUBJECT: CHANGES TO INITIAL MARGIN REQUIREMENTS FOR CURRENCY DERIVATIVES MARKET

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Designation: Head of Risk

Dear JSE Stakeholder

Several margin management measures have been taken to date to manage the extreme volatility experienced during the Covid-19 related market crisis, and elevated levels of systemic risk. The margin changes were made with due consideration of potential procyclicality effects and were necessary and appropriate to safeguard the markets. This resulted in some derivative products being margined at higher levels than they would be in less extreme market conditions. With volatility having dropped somewhat since the initial peaks in March, the JSE will now be reviewing and adjusting margin levels. This will be done in a phased approach, and will result in an overall lowering of initial margin from current levels, on a portfolio basis. It is important to note that margin on some contracts may increase.

We will continue to monitor market volatility very closely, and may need to implement further margin adjustments if market riskiness demands it.

The initial margin parameters to be implemented on Friday, **29 May 2020** for the currency derivatives market can be found in this directory:

- FXD – <https://www.jse.co.za/downloadable-files?RequestNode=/Initial Margin Parameter Data/Official Initial Margin Parameters/IRC/FX>

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 notice, please contact risk@jse.co.za

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>