

## MARKET NOTICE

**Number:** 286/2020

Relates to:

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

Date: 2 June 2020

**SUBJECT:** CHANGES TO INITIAL MARGIN REQUIREMENTS FOR COMMODITY 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 Tuesday **2 June 2020** for the commodity derivatives market can be found in this directory:

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

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

Should you have any queries regarding this notice, please contact [risk@jse.co.za](mailto:risk@jse.co.za)

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