
MARKET NOTICEJohannesburg
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Number: 333/2020
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 1 July 2020

SUBJECT: PROPOSAL TO IMPLEMENT A COMMITMENT OF TRADERS (COT) REPORT FOR THE SA GRAIN MARKET

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Dear Stakeholder,

The JSE has received communication from the Financial Sector Conduct Authority (FSCA) as follow up to a number of consultations we have had with them. The FSCA has undergone some restructuring, and the new team dealing with regulatory frameworks wanted to understand where this request for introduction of COT report in our market is coming from, safe for the submissions the industry had made in the past. Specifically, they wanted to know the following:

1. What would be the policy reasons substantiating a decision to implement such a reporting framework? From our previous submission we stated that such reporting would improve transparency around the open interest and the types of participants that hold positions. In their view, we need to have a compelling need clearly articulated for such a reporting framework
2. What are the current risks created because of the lack of reporting?
3. Why is the JSE/market of the view that there is a need to improve transparency through the proposed reporting framework?
4. Does the current lack of transparency alluded to in the earlier submission create specific risks and, if so, please provide more detail around these risks?
5. Who (which specific stakeholders) would benefit should transparency be improved?
6. Who (which specific stakeholders) would stand to benefit from the report?
7. How would the report support regulatory oversight?
8. Are there any other reasons for or value that could be derived from the report generated through the proposed reporting framework?

9. It was suggested from one of the submissions that, if information proves to be too sensitive or confidential to be reported in real time, that such information be delayed and released after the information has lost its commercial sensitivity. What would be considered an appropriate time delay and would there still be value in this information if it was historic?

Any information submitted will be used by the FSCA to formulate a view and inform a policy decision regarding the need and purpose for a COT report for the JSE Commodity Derivatives Market and the SA grains market in general.

The JSE is therefore appealing to the broader market to provide responses and comments to the questions above so that we jointly submit an industry response to FSCA. Feel free to forward your submissions to the JSE by no later than **Friday 17 July 2020** at close of business.

Should you have any questions regarding the above, please do not hesitate to contact the Commodities Team at 011 520 7039 or email commodities@jse.co.za

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