

MARKET NOTICE

Johannesburg
Stock Exchange

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www.jse.co.za

Number: 339/2020
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Currency Derivatives
 Interest Rate Derivatives
Date: 15 June 2020

SUBJECT: CHANGES TO INITIAL MARGIN REQUIREMENTS FOR DERIVATIVE MARKETS

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Designation: Head of Risk

Dear JSE Stakeholder

Several margin management measures were taken to manage the extreme volatility experienced during the Covid-19 related market crisis, and elevated levels of systemic risk. The JSE started lowering margin levels in a phased approach since the end of May after a decrease in volatility was observed. Margin requirements will now be adjusted back to a 99.7% confidence-level with volatility experienced during the crisis incorporated in the models. The adjustment will result in an overall lowering of initial margin from current levels, on a portfolio basis and will be effective from EOD on Monday, **6 July 2020**.

The profit and loss vectors for the Interest Rate Derivatives markets, to be implemented Monday, **6 July 2020**, can be found in this directory:

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

Clients can use the Interest Rate Derivatives bond futures initial margin replicator located at the link below, which is now set to the 99.7% confidence level:

- <https://www.jse.co.za/layouts/15/DownloadHandler.ashx?FileName=/YieldX/HistVaR/IRD%20IM%20Calculator%20-%20Client%20Version.xlsm>

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

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-notice-and-circulars>