
MARKET NOTICEJohannesburg
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Number: 452/2022

Relates to:

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

Date: 12 September 2022

SUBJECT: ZA04 CLOSING PRICE METHODOLOGY CHANGE

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Designation: Head - Equities and Equity Derivatives

Dear Client,

In order to address the on-going closing price issue with Structured Products listed in the ZA04 segment, the JSE has in consultation with Issuers agreed on an interim solution that would result in a change in the closing price methodology for the entire segment. Instruments in this segment generally do not have orders or secondary trades onscreen. This results in a closing price of zero under the current methodology.

Please note, the closing price methodology for all products listed in the ZA04 segment will change as follows:

- All ZA04 Instruments (including Structured Products) will move to closing price methodology 3. This is the same methodology used for segment ZA06 where Exchange Traded Products (ETNs, ETFs, and AMCs) are listed.
- The methodology will follow three steps in determining the closing price of an instrument:
 1. The Mid-Point of the Best Bid and Best Offer just before the start of the Post Close session, should there be only a best bid or best offer, this step is passed;
 2. The Last Traded Price of the instrument is considered, should there be no trades for the day and;
 3. The Previous Close of the instrument will be stamped as the Closing Price.

The main difference for this methodology is the exclusion of a step that will make the closing price 0 (zero). It is imperative to note that this methodology requires the presence of both a best bid and best offer on the order book to update the price of the instrument in the absence of any trades for the day.

As part of this change, Issuers and their respective market makers will be requested to make prices available on the day preceding the set go-live date i.e., Friday, 14 October 2022. This will be the last date that the old closing price methodology will be in place and will require each issuer to place a bid on the order book before the end of Continuous Trading at 16h49. This will ensure that when the new methodology comes into place on Monday, 17 October 2022, that there will be legitimate previous closing prices that can be referenced. Should a closing price of 0 (zero) be calculated due to the absence of any bid, Issuers and their market makers will be required to then place a spread on their instruments to generate a mid-price. Only in this fashion will a previous closing price of not 0 (zero) be obtained on a product.

The intention is to make this functionality available in the customer test environment (CTS Release) effective on 19 September 2022, while the provisional go-live date is set to 17 October 2022 for production.

Please refer to the details of this closing price methodology in section 8.8.2 of [Volume 00E Trading and Information Overview for the Equity Market](https://clientportal.jse.co.za/technical-library/trading-and-market-data-documentation) – available at <https://clientportal.jse.co.za/technical-library/trading-and-market-data-documentation>

Should you have any queries please regarding this Market Notice please contact JSE Customer Services Center on customersupport@jse.co.za or +27 11 520 7777

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