
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 072/2021

Relates to:

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

Date: 1 March 2021**SUBJECT:** TREATMENT OF THE UNDERLYING PRICE ON DELTA AND CALENDAR SPREAD OPTIONS**Name and Surname:** Langa Manqele**Designation:** Head - Equity and Equity Derivatives

Dear JSE Client

Following queries regarding the trading system's treatment of the underlying futures traded price on Delta and Calendar Spread Options, JSE has determined that it is prudent to set the reference price of the underlying future contract in Delta Option calculations to always be the **Last Traded Price**. In the unlikely event that the Last Traded Price is unavailable, the previous day's **Closing Price** will be used. This reference price will be consistently used in all calculations pertaining to on-screen Delta Option trades. Outright Inverse Calendar Spread trades will also follow the **Last Traded Price** methodology in determining the futures prices of the contracts involved.

This change, effective today (Monday, 1st March 2021) will also support JSE plans to revive On-Screen Market Making Scheme for the Equity Index Options market, which as it gathers momentum, should enhance transparency in the Equity Derivatives market by providing real-time on-screen quotes and lead to improved liquidity in Index Options.

Should you have any queries regarding this notice, please contact edm@jse.co.za

This JSE Market Notice is available on the website at <https://clientportal.jse.co.za/communication/jse-market-notices>