

MARKET NOTICE

Johannesburg
Stock Exchange

Tel: +27 11 520 7000
www.jse.co.za

Number: 091/2021

Relates to:

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

Date: 10 March 2021

SUBJECT: CHANGES TO INITIAL MARGIN REQUIREMENTS FOR DERIVATIVE MARKETS

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Designation: Head of Risk Post Trade Services

Dear Client,

The hedge cost matrix used in the portfolio VaR margin calculation for the Interest Rate Derivatives will be updated on 11 March 2021 with the results of the new matrix reflecting in margins due for settlement on 12 March 2021. The hedge cost matrix is based on estimates of the bid/ask spreads that active market makers would apply when executing trades of different sizes in particular underlyings under stressed market conditions. The spreads are updated quarterly based on the survey of market makers.

The update will result in an estimated 2.77% overall increase in margin across the market. Client level margin impacts will be communicated to Clearing Members for communication on to their clients.

The updated hedge cost matrix can be found at this directory:

- IRD Margin Parameters – <https://www.jse.co.za/downloadable-files?RequestNode=/InitialMarginParameterData/OfficialInitialMarginParameters/IRC/FixedIncome>

The Portfolio VaR implementation for Interest Rate Derivatives can be found in this directory:

- IRD Margin Methodology - https://www.jse.co.za/sites/default/files/media/documents/2020-11/Portfolio%20VaR%20Implementation%20for%20Interest%20Rate%20Derivatives_1.pdf

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-notices-and-circulars>