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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 156A/2021

Relates to:

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

**Date:** 28 April 2021**SUBJECT:** PROPOSED AMENDMENTS TO THE JSE DERIVATIVES RULES AND DIRECTIVES – DELTA  
OPTION TRADES AND STRUCTURED OPTION TRADES**Name and Surname:** Shaun Davies**Designation:** Director - Market Regulation

Dear Stakeholder,

Members are advised that the proposed amendments to the JSE Derivative Rules and Directives, attached as Annexure A, were adopted by the JSE Rules Committee on 22 April 2021.

Delta Option Trades (“DOTs”) and Structured Option Trades (“SOTs”) have been a feature of the JSE Commodity Derivatives Market (“CDM”) for a number of years. The attached draft rules and directives for off book transactions include draft new provisions which provide an improved and clearer framework within which DOTs or SOTs may be negotiated off book and then reported to the trading system by members. Please refer to the explanatory memorandum attached as Annexure B for a detailed breakdown of the proposed rule amendments.

In addition to these changes in relation to DOTs we have also proposed the removal of the existing 25 contracts (minimum) per leg limit for the SOTs. This limit has been in place since it was first introduced to the CDM through a Market Notice a number of years ago. However, a number of members who are active in the CDM options market have provided feedback to the JSE (as part of the JSE’s informal market consultation process on these proposals) and requested the removal of the 25 contract per leg limit for the SOTs on the basis that the limit is prejudicial to smaller clients who typically require exposures in less than 25 contacts per leg.

These members were of the opinion that the existing 25 contracts per leg limit essentially precludes smaller clients from obtaining structured option exposures through negotiation with a counterparty (and reporting the off book transaction to the exchange) and that this could materially hinder the clients' efforts to hedge their businesses effectively. The proposed amendments to the JSE derivatives directives (per the attached Annexure A) have been drafted to reflect the minimum size for SOTs as 1 contract.

Unless written objections are lodged within 10 days of this notice, in terms of rule 1.80.3, the proposed amendments will be submitted to the Registrar for his approval.

Should you have any queries regarding this notice, please contact Shuayb Mohamed via mail on [ShuaybM@jse.co.za](mailto:ShuaybM@jse.co.za) or (011) 520 7824.

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