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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 169/2022

Relates to:

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

**Date:** 1 April 2022**SUBJECT:** SECURITIES COLLATERAL PROJECT**Name and Surname:** Matthias Kempgen**Designation:** Chief Information & Operating Officer - JSE Clear

Dear Client,

JSE Clear, the central counterparty (CCP) for listed derivatives in South Africa, has historically accepted only ZAR cash collateral against derivative exposures.

During the ITaC project, JSE Clear embarked on an initiative to include the capability to accept non-cash collateral (securities such as government bonds), allowing clients and trading members to meet initial margin calls through a combination of ZAR-cash and selected securities.

The ability to accept securities as collateral has always been dependent on specific legislative changes, and we are pleased to confirm that these enabling legislative amendments to the Insolvency Act have recently been approved as part of the Financial Sector Laws Amendment Bill and are expected to come into effect shortly.

As such, we would like to advise the market that JSE Clear has commenced work on the securities collateral offering and market engagement on this initiative started in March 2022.

Initially this offering will only be available on the Equity and Currency Derivatives markets (cleared on the RTC platform), and the intention is to launch this functionality in 2022, pending stakeholder readiness and the confirmed effective date for the applicable section of the Financial Sector Laws Amendment Bill.

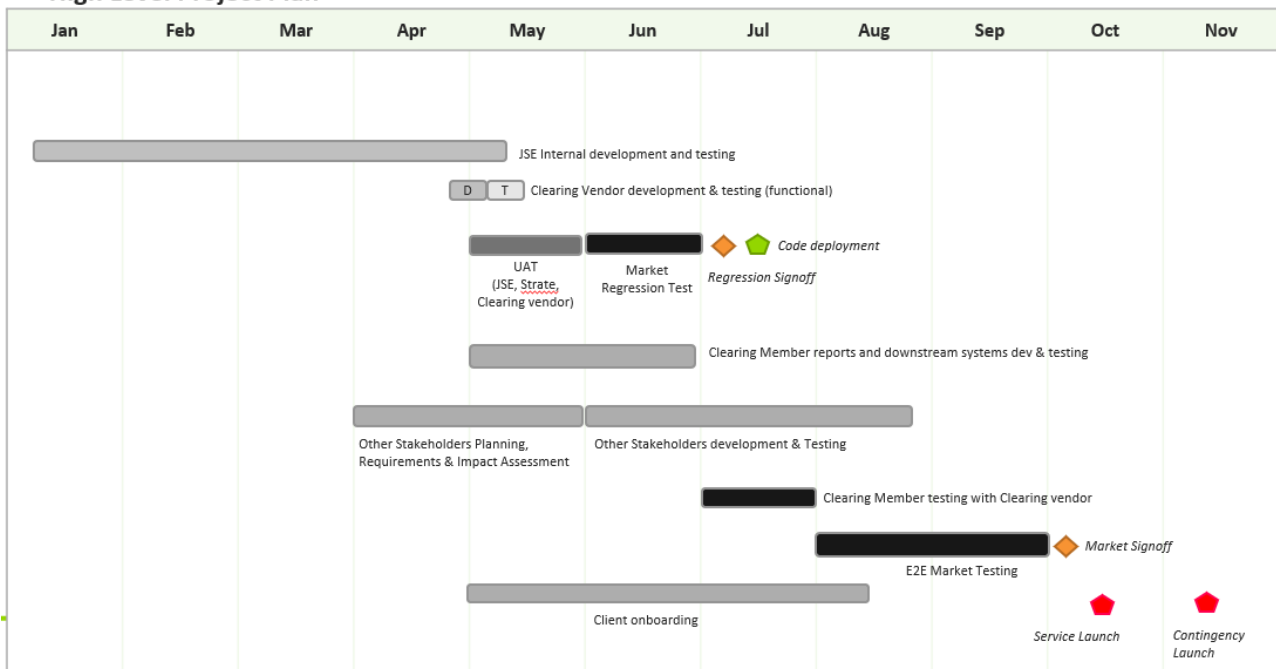


Various market engagement sessions are being scheduled to provide an overview of the service and processes to all interested and affected stakeholder groups. If you are interested in this service kindly contact your key client representative or e-mail [vaneshric@jse.co.za](mailto:vaneshric@jse.co.za) and [suhagnam@jse.co.za](mailto:suhagnam@jse.co.za)

Please find the proposed timeline below and kindly take note of the following:

- JSE Clear will deploy the securities collateral code into production on 16 July 2022, where RTC version 1.35 will be upgraded to RTC version 1.36
- There are no API changes therefore there are no code changes required by clients for the RTC version 1.36 upgrade, rather the only required update will be a version change to 1.36
- Market participants will be required to perform regression testing in June 2022 and participate in market testing on 16 July 2022 to ensure business continuity
- The service launch date for securities collateral is targeted for 15 October 2022 subject to finalisation of the plan following stakeholder engagements and timeous achievement of all interdependencies, including regulatory approval of the Rule amendments for securities collateral
- Market participants who would like to utilize the securities collateral service from the initial launch date will be required to participate in ETE (end to end) market testing planned for August and September 2022 and provide sign-off
- Trading members and clients should also note that an onboarding process will be required for testing and production

### High Level Project Plan



Technical specifications documents are available for download here:

<https://clientportal.jse.co.za/technical-library/post-trade-documentation>

The following documents have been updated on the website:

Volume PT02 – Post-trade EMAPI Clearing & ITaC Position Paper – Post trade PP03 – Securities Collateral

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