
MARKET NOTICEJohannesburg
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Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives

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SUBJECT: INITIAL MARGIN WEB CALCULATOR FOR INTEREST RATE DERIVATIVES

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Dear JSE Stakeholder

After a process of consultation the JSE on Monday implemented a new methodology for calculating the initial margin requirement on portfolios of interest rate derivatives. The methodology is a move away from JSPAN to a methodology that gives greater recognition to correlations within a portfolio and uses a value-at-risk methodology as its foundation. On implementation a sizable portion of initial margin was released back to the market without reducing the coverage of the risks represented by these portfolios.

On a daily basis the JSE provides detailed analysis to clearing members on each portfolio showing how the initial margin for that portfolio is determined. This analysis also provides details on risk sensitivities to aid a member and client understand the risks that drive the margin calculation.

As a result of this implementation the margin calculator on the JSE's website for bond positions is temporarily not functioning. This is being replaced with a portfolio calculator that uses the new methodology. Please email IRDMarginSupport@jse.co.za should you require an estimation of the initial margin impact of a new position to an existing portfolio. To estimate initial margin requirement the JSE requires the account code of the portfolio, if it already exists, and the following information regarding the new position(s): contract code, expiry date, buy/sell indicator, and the number of contracts.

Please note that the detailed methodology document can be found at this location: [IRD margin methodology](#)

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/redirecets/market-notice-and-circulars>