

**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 364A/2021

- Relates to:
- Equity Market
  - Equity Derivatives Market
  - Commodity Derivatives Market
  - Currency Derivatives Market
  - Interest Rate Derivatives Market
  - Bond Market
  - Bond ETP Market

**Date:** 20 August 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

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 20 August 2021. These proposed amendments are being circulated to Commodity Derivatives members as a second round of formal consultation in terms of Derivatives rule 1.80 following a first round of consultation in April 2021. Feedback received from members during the first round of consultation and subsequent discussions has resulted in a few changes to the proposed amendments, which has necessitated a second round of consultation on those changes.

The original Market Notice (No. 156A/2021) and accompanying explanatory memorandum issued on 28 April 2021 are attached for ease of reference as Annexures B and C respectively.

In the first round of consultation, the JSE received feedback in relation to the factors that a member must take into account when determining the best option volatility level at which to trade on behalf of a client when transacting a DOT. It was suggested to us that a member acting on behalf of a client in a DOT transaction should be required to take into account the implied volatility of resting orders not only in the naked options central order book (as originally proposed in the first round of consultation) but also in the delta options central order book. The delta options order books are generally more active / liquid than the naked options order book and they therefore assist in providing an important price reference point in establishing option price levels and achieving best execution for clients. We have discussed this feedback with a number of members and there appears to be general support for this proposal. Draft sections 7.115.5.1 and 7.115.5.2 have therefore been updated to incorporate this feedback in the revised draft per Annexure A, in that these rules now refer to reference being made to the option order books (plural).

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 on (011) 520 7824 or at [ShuaybM@jse.co.za](mailto:ShuaybM@jse.co.za)

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