
MARKET NOTICE

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Subject: Initial Margin and listing requirements for illiquid counters

Please note that in consultation with clearing members the requirements for listing single stock futures and IDX products have been reviewed. The revised guidelines can be found at the following link <https://www.jse.co.za/services/post-trade-services/risk-management/derivative-market>.

For a Single Stock Future (SSF) to be eligible for initial listing, each of the following criteria must be met:

- i. The security underlying the futures contract must be a listed instrument on the Johannesburg Stock Exchange (JSE);
- ii. The security underlying the futures contract must trade more than 67 out of 90 days (75% of 90 days), and demonstrate a 90-day average daily value traded of at least R3 million after the removal of the 9 largest observations from the 90-day time-series, i.e. after removing the top 10% of trading days; and
- iii. The security underlying the futures contract must have a market capitalisation of at least R2 billion.

For an IDX to be eligible for initial listing, each of the following criteria must be met:

- i. The security underlying the futures contract must be a listed instrument on a major international securities exchange;
- ii. The security underlying the futures contract must be a constituent of a major international index (e.g. S&P 500, NKY 225, FTSE 100, ASX 100);
- iii. The security underlying the futures contract must trade more than 67 out of 90 days (75% of 90 days), and demonstrate a 90-day average daily value traded of at least \$10 million after the removal of the 9 largest observations from the 90-day time-series, i.e. the top 10% of trading days;
- iv. The security underlying the futures contract must have a market capitalisation of at least \$4 billion; and

- v. If the security underlying the futures contract is an international listed Index/ETF/ETN with a committed liquidity provider in the foreign market, the JSE will only list the IDX if the necessary permissions from the Index/ETF/ETN provider are in place.

Where there is a desire from market participants for the JSE to list new expiries on a liquidity level 3 underlying, the JSE will evaluate the continued eligibility of such SSF or IDX upon request, and may list such contracts with an initial margin of 100%. The excel spreadsheet that accompanies this notice lists the current SSF and IDX contracts expiring in June 2014 for which the JSE will not automatically list new expiries.