



Market Notice

Number: Y1336 A
Date 07 April 2014

Corporate Bond Valuations – Market Communication

Subsequent to engaging the broader market on corporate debt, it has been made apparent that there are a number of concerns regarding the valuation of these instruments. The attached market communication serves to provide an overview of the valuation process as well as highlight its limitations.

The JSE provides Mark to Market valuations for all debt products listed on the exchange on a daily basis. The underlying principles for the current valuation process, for corporate debt, states that only a Mark to Market approach is used and that no models will be applied to determine the market value of any instrument. However, in order to determine a market value based on this process the JSE requires fairly consistent trade or price information in order to apply the rules as set out.

A consequence of the Mark to Market approach is that due to the lack of input information, valuations can and do become “stale” resulting in valuations which appear inaccurate in comparison to similar instruments which have traded or been issued more recently.

An overview of the shortfalls surrounding valuations as well as the steps that will be taken to improve valuations is presented in the accompanying document. The document also serves to make the market aware of the shortcomings of the valuations of corporate bonds and the potential downstream impact that this may have.

Please refer to the attached document

- Market Communications – Corporate Bond Valuations April 2014

Bernard Claassens

Manager: Fixed Income

Tel: +27 11 520 7810

E-mail Address: bernardc@jse.co.za

Distributed by the Company Secretariat +27 11 520 7346



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa.
Telephone: +27 11 520 7000, Facsimile: +27 11 520 8584,
www.jse.co.za

Executive Directors: NF Newton-King (CEO),
A Takoordeen (CFO)

Non-Executive Directors: HJ Borkum (Chairman), AD Botha, M Jordaan
MR Johnston, DM Lawrence, A Mazwai, Dr. MA Matooane, NP Mnxasana,
NS Nematswerani, N Nyembezi-Heita, N Payne

Alternate Directors: JH Burke, LV Parsons

Company Secretary: GC Clarke