

Market Notice

Number: Y898

Date: 1 June 2012

New Billing Model for Cash Bonds: 1st July 2012

The Interest Rate Market will be implementing a new fee structure for cash bonds and repo transactions. These changes will become effective on the **1st July 2012**.

The existing fee model has been completely restructured and remodeled. All market access fees, regulation fees, settlement fees and transaction fees charged by the JSE as part of member's monthly transaction costs with respect to cash bonds and repo trading (as outlined in the document "INTEREST RATE PRICING STRUCTURE" available on our website) have been replaced. This includes any exceptions, special cases and exemptions in the aforementioned document. As in the previous model, members will be liable for the fees attributable to their clients when transacting with individuals who do not form part of the JSE's cash bond membership. The old fee structure will be replaced by the following:

- **STEP 1: Market Access & Regulation Fee**
- **STEP 2: Flat Fee per Million Nominal per Trade Leg**
- **STEP 3: Volume Based Rebate Structure**
- **STEP 4: Fee increase capped at 6%**

*NB - Any penalty charges, data charges and other costs besides those discussed in this document, are still applicable.

STEP 1: Market Access Fee:

Members of the exchange will be charged a market access and regulation fee of **R10,000* per month**. This fee replaces the market access, regulation flat fee and settlement flat fee (Strate) in the old model. This represents a decrease of R3,000 per month or 23% to the flat membership fees previously charged by the exchange.

*Fees exclude VAT of 14%.

STEP 2: Flat Fee per Million Nominal per Trade Leg:

Members will be charged **R1.90* per million nominal** for all trade legs reported to the exchange. This fee replaces the fixed fee per trade, the per million nominal fee per trade, the settlement fee (Strate costs)



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apportioned on nominal traded and the variable regulation fee in the old model. The R1.90* per million charge is levied regardless of whether the trade type is spot, repo or other trade. As in the old model, members are liable for the trade legs of their clients who are not members of the exchange.

*Fees exclude VAT of 14%.

STEP 3: Volume Based Rebate Structure:

The R1.90* per million fee is supplemented by a rebate structure based on the member's nominal value traded in the **previous** month. This will allow a member to know his effective Rands per million charge at the beginning of a new month. The rebates will be derived off the following table:

Rebate Structure	Value Traded	Rebate
<=	R 25,000,000,000	0%
<=	R 50,000,000,000	15%
<=	R 150,000,000,000	25%
<=	R 200,000,000,000	35%
<=	R 250,000,000,000	40%
<=	R 300,000,000,000	50%
<=	R 400,000,000,000	60%
<=	R 500,000,000,000	70%
<=	R 750,000,000,000	80%
>	R 750,000,000,000	80%

For example, a member firm who traded R100,000,000,000 worth of cash bond and repo legs in the month of March would be entitled to a 25% rebate on their Rands per million nominal fee for the month of April. This would equate to R1.425 per million nominal rather than R1.90 per million nominal.

STEP 4: Fee increase cap at 6%:

For a period of twelve months beginning 1st July 2012, any member with a fee increase of above 6% per annum based on the JSE's calculations, will have their increase limited to 6% per annum (for the same value traded in the prior 12 months). After 1st July 2013 the cap on fees will be removed for all members who received an increase of more than 6% in 2012.

The implementation of this new fee model represents a reduction in fees of R2,8 million based on the same volumes in the previous 12 month period when applying the new model.

The JSE is showing commitment to the market, by reducing trading costs in an effort to make the new model fairer, simpler, and much more transparent.

The model has the following effects on members:

- 12 Members receive a fee increase
 - Of which 7 Members will receive a phased fee increase due to the inflationary caps of 6% per annum
 - Of which 1 Member receives an increase of more than 20%
- 40 Members receive a fee decrease
- 18 Members receive a fee decrease of more than 20%

The Cash Bonds Team will be meeting with all members of the market to present the impact of the above Billing Model on the respective entity during the month of June 2012.

If you have any objections to these fee changes, please provide your objections in writing to warreng@jse.co.za

If you have any queries, please feel free to contact Warren Geers (+27 11 520 7470) / warreng@jse.co.za or Bernard Claassens (+27 11 520 7810) bernardc@jse.co.za

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