



Market Notice

Number: Y948

Date: 01 August 2012

Interest Rate Initial Margin Requirements (IMR)

Please be reminded about the change in Initial Margin Methodology for the JSE's fixed income derivative products which will be implemented in a phased approach and effective Wednesday, 08 August 2012.

The following proposals and amendments to the current margining methodology for interest rate derivative have been tabled and accepted:

1. Use the historical simulation model (empirical distribution) instead of assuming the standardised normal distribution model (assumption of normality), which has been in use since the beginning of the South African derivatives market;
2. The current holding period be changed from one day to two days;
3. Use a confidence level of 99.7% (under the assumption of normality this is equivalent to 3 standard deviations) instead of the current 99.95% (3.5 standard deviations).

By adopting this new methodology, the impact on clients is quite sizeable and as such, the JSE has decided to implement this change over a 3-month period starting August 2012.

Please refer to notice Y932A and Y933 for more information on the new methodology.

The Initial margin requirements (IMR) for the interest rate contracts are as follows and will be in effect from Wednesday 08 August 2012, for settlement on Friday 10 August 2012.

Contract Code	Expiry Date	Fixed Margin	Spread Margin	VSR	Series Spread Margin	Settlement Margin
R157	2012/11/01	1230	110	1.00	480	1820
R157	2013/02/07	1230	110	1.00	480	
R157	2013/05/02	1230	110	1.00	480	
R186	2012/11/01	2980	160	1.00	630	4510
R186	2013/02/07	2980	160	1.00	630	
R186	2013/05/02	2980	160	1.00	630	
R201	2012/11/01	960	100	1.00	440	1490
R201	2013/02/07	960	100	1.00	440	
R201	2013/05/02	960	100	1.00	440	
R203	2012/11/01	1350	110	1.00	450	2120
R203	2013/02/07	1350	110	1.00	450	
R203	2013/05/02	1350	110	1.00	450	
R204	2012/11/01	1600	110	1.00	480	2470



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F Evans (CFO) **Non-Executive Directors:** HJ Borkum
(Chairman), AD Botha, MR Johnston, DM Lawrence, A Mazwai,
NS Nematswerani, N Nyembezi-Heita, N Payne **Alternate
Directors:** JH Burke, LV Parsons

R204	2013/02/07	1600	110	1.00	480	
R204	2013/05/02	1600	110	1.00	480	
R206	2012/11/01	570	100	1.00	380	880
R206	2013/02/07	570	100	1.00	380	
R206	2013/05/02	570	100	1.00	380	
R207	2012/11/01	1660	110	1.00	480	2550
R207	2013/02/07	1660	110	1.00	480	
R207	2013/05/02	1660	110	1.00	480	
R208	2012/11/01	1830	120	1.00	500	2850
R208	2013/02/07	1830	120	1.00	500	
R208	2013/05/02	1830	120	1.00	500	
R209	2012/11/01	2750	150	1.00	630	4270
R209	2013/02/07	2750	150	1.00	630	
R209	2013/05/02	2750	150	1.00	630	
R213	2012/11/01	2570	140	1.00	580	3940
R213	2013/02/07	2570	140	1.00	580	
R213	2013/05/02	2570	140	1.00	580	
R214	2012/11/01	2970	160	1.00	620	4530
R214	2013/02/07	2970	160	1.00	620	
R189	2012/11/01	4370	240	1.00	440	7410
R189	2013/02/07	4370	240	1.00	440	
R197	2012/11/01	5540	290	1.00	850	8840
R197	2013/02/07	5540	290	1.00	850	
R202	2012/11/01	5940	320	1.00	1330	8920
R202	2013/02/07	5940	320	1.00	1330	
R210	2012/11/01	4390	230	1.00	840	6740
R210	2013/02/07	4390	230	1.00	840	
R211	2012/11/01	2690	160	1.00	420	4500
R211	2013/02/07	2690	160	1.00	420	
R212	2012/11/01	3180	170	1.00	510	5160
R212	2013/02/07	3180	170	1.00	510	
I2025	2012/11/01	2330	130	1.50	590	1170
I2025	2013/02/07	2330	130	1.50	590	
I2038	2012/11/01	4980	280	1.50	1250	2330
I2038	2013/02/07	4980	280	1.50	1250	
I2050	2012/11/01	9640	540	1.50	2410	4130
I2050	2013/02/07	9640	540	1.50	2410	
ES33	2012/11/01	5010	280	1.50		2160
ES33	2013/02/07	5010	280	1.50		
ES33	2013/05/02	5010	280	1.50		
EL28	2012/11/01	1800	1430	1.50		990
EL28	2013/02/07	1800	1430	1.50		
ALBI	2012/11/01	65200	4100	1.00	26900	
ALBI	2013/02/07	65200	4100	1.00	26900	
GOVI	2012/11/01	67200	3600	1.00	24700	
GOVI	2013/02/07	67200	3600	1.00	24700	
AL7T	2012/11/01	77400	4100	1.00	24700	
AL7T	2013/02/07	77400	4100	1.00	24700	
IGOV	2012/11/01	16700	1300	0.75	17400	
IGOV	2013/02/07	16700	1300	0.75	17400	
ILBI	2012/11/01	69100	3600	0.75	22900	
ILBI	2013/02/07	70100	3600	0.75	22900	
JBAF	2012/08/15	80	50	2.00		
JBAF	2012/09/19	80	50	2.00		

JBAF	2012/10/17	80	50	2.00		
JBAF	2012/11/21	80	50	2.00		
JBAF	2012/12/19	80	50	2.00		
JBAF	2013/01/16	80	50	2.00		
JBAF	2013/03/20	80	50	2.00		
JBAF	2013/06/19	80	50	2.00		
JBAF	2013/09/18	80	50	2.00		
JBAF	2013/12/18	80	50	2.00		
JBAF	2014/03/19	80	50	2.00		
JBAF	2014/06/18	80	50	2.00		

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