



Market Notice

Number: Y964

Date: 03 September 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 Monday, 10 September 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 Monday 10 September 2012, for settlement on Tuesday 11 September 2012.

Contract Code	Expiry Date	Fixed Margin	Spread Margin	VSR	Series Spread Margin	Settlement Margin
R157	2012/11/01	1600	110	1.00	480	2130
R157	2013/02/07	1600	110	1.00	480	
R157	2013/05/02	1600	110	1.00	480	
R186	2012/11/01	3490	190	1.00	630	4800
R186	2013/02/07	3490	190	1.00	630	
R186	2013/05/02	3490	190	1.00	630	
R201	2012/11/01	1180	100	1.00	440	1690
R201	2013/02/07	1180	100	1.00	440	
R201	2013/05/02	1180	100	1.00	440	
R203	2012/11/01	1610	110	1.00	450	2360
R203	2013/02/07	1610	110	1.00	450	
R203	2013/05/02	1610	110	1.00	450	
R204	2012/11/01	1890	120	1.00	480	2710



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Executive Directors: NF Newton-King (CEO),
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	1890	120	1.00	480	
R204	2013/05/02	1890	120	1.00	480	
R206	2012/11/01	680	100	1.00	380	960
R206	2013/02/07	680	100	1.00	380	
R206	2013/05/02	680	100	1.00	380	
R207	2012/11/01	1960	120	1.00	480	2800
R207	2013/02/07	1960	120	1.00	480	
R207	2013/05/02	1960	120	1.00	480	
R208	2012/11/01	2150	130	1.00	500	3070
R208	2013/02/07	2150	130	1.00	500	
R208	2013/05/02	2150	130	1.00	500	
R209	2012/11/01	3310	180	1.00	630	4750
R209	2013/02/07	3310	180	1.00	630	
R209	2013/05/02	3310	180	1.00	630	
R213	2012/11/01	2990	170	1.00	580	4160
R213	2013/02/07	2990	170	1.00	580	
R213	2013/05/02	2990	170	1.00	580	
R214	2012/11/01	3460	190	1.00	620	4760
R214	2013/02/07	3460	190	1.00	620	
R214	2013/05/02	3460	190	1.00	620	
R189	2012/11/01	2610	170	1.00	440	4200
R189	2013/02/07	2610	170	1.00	440	
R189	2013/05/02	2610	170	1.00	440	
R197	2012/11/01	5180	280	1.00	850	7430
R197	2013/02/07	5180	280	1.00	850	
R197	2013/05/02	5180	280	1.00	850	
R202	2012/11/01	6840	380	1.00	1330	9100
R202	2013/02/07	6840	380	1.00	1330	
R202	2013/05/02	6840	380	1.00	1330	
R210	2012/11/01	4610	250	1.00	840	6270
R210	2013/02/07	4610	250	1.00	840	
R210	2013/05/02	4610	250	1.00	840	
R211	2012/11/01	1870	130	1.00	420	2900
R211	2013/02/07	1870	130	1.00	420	
R211	2013/05/02	1870	130	1.00	420	
R212	2012/11/01	2930	160	1.00	510	4350
R212	2013/02/07	2930	160	1.00	510	
R212	2013/05/02	2930	160	1.00	510	
2025	2012/11/01	2330	130	1.00	590	1170
2025	2013/02/07	2330	130	1.00	590	
2025	2013/05/02	2330	130	1.00	590	
2038	2012/11/01	4980	280	1.00	1250	2330
2038	2013/02/07	4980	280	1.00	1250	
2038	2013/05/02	4980	280	1.00	1250	
2050	2012/11/01	9640	540	1.00	2410	4130
2050	2013/02/07	9640	540	1.00	2410	
2050	2013/05/02	9640	540	1.00	2410	
ES33	2012/11/01	5010	280	1.00		2160
ES33	2013/02/07	5010	280	1.00		
ES33	2013/05/02	5010	280	1.00		
EL28	2012/11/01	1800	1430	1.50		990
EL28	2013/02/07	1800	1430	1.50		
EL28	2013/05/02	1800	1430	1.50		
ALBI	2012/11/01	77000	5600	1.00	28900	

ALBI	2013/02/07	77000	5600	1.00	28900	
ALBI	2013/05/02	77300	5600	1.00	28900	
GOVI	2012/11/01	79700	4400	1.00	23900	
GOVI	2013/02/07	79700	4400	1.00	23900	
GOVI	2013/05/02	80000	4400	1.00	23900	
OTHI	2012/11/01	119900	6500	1.00	34800	
OTHI	2013/02/07	119900	6500	1.00	34800	
OTHI	2013/05/02	120400	6500	1.00	34800	
AL7T	2012/11/01	86800	4800	1.00	24400	
AL7T	2013/02/07	86800	4800	1.00	24400	
AL7T	2013/05/02	87200	4800	1.00	24400	
IGOV	2012/11/01	22700	1500	0.75	12300	
IGOV	2013/02/07	22700	1500	0.75	12300	
IGOV	2013/05/02	22800	1500	0.75	12300	
ILBI	2012/11/01	80600	4400	0.75	23000	
ILBI	2013/02/07	81100	4400	0.75	23000	
ILBI	2013/05/02	81500	4400	0.75	23000	
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	2013/02/20	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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