



## Market Notice

**Number:** Y993

**Date:** 01 October 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, 08 October 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 08 October 2012, for settlement on Tuesday 09 October 2012.

Contract Code	Expiry Date	Fixed Margin	Spread Margin	VSR	Series Spread Margin	Settlement Margin
R157	2012/11/01	1880	105	1.00	470	2520
R157	2013/02/07	1880	105	1.00	470	
R157	2013/05/02	1880	105	1.00	470	
R186	2012/11/01	3960	220	1.00	990	5010
R186	2013/02/07	3960	220	1.00	990	
R186	2013/05/02	3960	220	1.00	990	
R201	2012/11/01	1270	100	1.00	320	1700
R201	2013/02/07	1270	100	1.00	320	
R201	2013/05/02	1270	100	1.00	320	
R203	2012/11/01	1850	105	1.00	470	2530
R203	2013/02/07	1850	105	1.00	470	
R203	2013/05/02	1850	105	1.00	470	
R204	2012/11/01	2180	120	1.00	550	2910



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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	2180	120	1.00	550	
R204	2013/05/02	2180	120	1.00	550	
R206	2012/11/01	660	100	1.00	170	890
R206	2013/02/07	660	100	1.00	170	
R206	2013/05/02	660	100	1.00	170	
R207	2012/11/01	2260	125	1.00	570	3020
R207	2013/02/07	2260	125	1.00	570	
R207	2013/05/02	2260	125	1.00	570	
R208	2012/11/01	2470	140	1.00	620	3300
R208	2013/02/07	2470	140	1.00	620	
R208	2013/05/02	2470	140	1.00	620	
R209	2012/11/01	3800	215	1.00	950	5080
R209	2013/02/07	3800	215	1.00	950	
R209	2013/05/02	3800	215	1.00	950	
R213	2012/11/01	3340	185	1.00	840	4300
R213	2013/02/07	3340	185	1.00	840	
R213	2013/05/02	3340	185	1.00	840	
R214	2012/11/01	3550	200	1.00	890	4830
R214	2013/02/07	3550	200	1.00	890	
R214	2013/05/02	3550	200	1.00	890	
R189	2012/11/01	1830	120	1.00	500	2940
R189	2013/02/07	1830	120	1.00	500	
R189	2013/05/02	1830	120	1.00	500	
R197	2012/11/01	4890	275	1.00	1230	6110
R197	2013/02/07	4890	275	1.00	1230	
R197	2013/05/02	4890	275	1.00	1230	
R202	2012/11/01	8060	450	1.00	2020	9670
R202	2013/02/07	8060	450	1.00	2020	
R202	2013/05/02	8060	450	1.00	2020	
R210	2012/11/01	5040	280	1.00	1260	6050
R210	2013/02/07	5040	280	1.00	1260	
R210	2013/05/02	5040	280	1.00	1260	
R211	2012/11/01	1310	100	1.00	500	2030
R211	2013/02/07	1310	100	1.00	500	
R211	2013/05/02	1310	100	1.00	500	
R212	2012/11/01	2440	135	1.50	610	3510
R212	2013/02/07	2440	135	1.50	610	
R212	2013/05/02	2440	135	1.50	610	
2025	2012/11/01	2390	135	1.00	600	3580
2025	2013/02/07	2390	135	1.00	600	
2025	2013/05/02	2390	135	1.00	600	
2038	2012/11/01	5220	295	1.00	1310	7310
2038	2013/02/07	5220	295	1.00	1310	
2038	2013/05/02	5220	295	1.00	1310	
2050	2012/11/01	10240	575	1.00	2560	13170
2050	2013/02/07	10240	575	1.00	2560	
2050	2013/05/02	10240	575	1.00	2560	
ES33	2012/11/01	4950	275	1.00	0	6400
ES33	2013/02/07	4950	275	1.00	0	
ES33	2013/05/02	4950	275	1.00	0	
EL28	2012/11/01	2604	365	1.50	0	3184
EL28	2013/02/07	2604	365	1.50	0	
EL28	2013/05/02	2604	365	1.50	0	
R023	2012/11/01	2880	160	1.50	870	3830

R023	2013/02/07	2880	160	1.50	870	
R023	2013/05/02	2880	160	1.00	870	
ALBI	2012/11/01	88750	6935	1.00	30930	
ALBI	2013/02/07	88750	6935	1.00	30930	
ALBI	2013/05/02	88750	6935	1.00	30930	
GOVI	2012/11/01	92090	5160	1.00	23030	
GOVI	2013/02/07	92090	5160	1.00	23030	
GOVI	2013/05/02	92090	5160	1.00	23030	
AL7T	2012/11/01	96190	5390	1.00	24050	
AL7T	2013/02/07	96190	5390	1.00	24050	
AL7T	2013/05/02	96190	5390	1.00	24050	
IGOV	2012/11/01	29670	1665	0.75	7420	
IGOV	2013/02/07	29670	1665	0.75	7420	
IGOV	2013/05/02	29670	1665	0.75	7420	
ILBI	2012/11/01	92100	5160	0.75		
ILBI	2013/02/07	92100	5160	0.75		
ILBI	2013/05/02	92100	5160	0.75		
JBAF	2012/10/17	90	50	2.00		
JBAF	2012/11/21	90	50	2.00		
JBAF	2012/12/19	90	50	2.00		
JBAF	2013/01/16	90	50	2.00		
JBAF	2013/02/20	90	50	2.00		
JBAF	2013/03/20	90	50	2.00		
JBAF	2013/06/19	90	50	2.00		
JBAF	2013/09/18	90	50	2.00		
JBAF	2013/12/18	90	50	2.00		
JBAF	2014/03/19	90	50	2.00		
JBAF	2014/06/18	110	60	2.00		
JBAF	2014/09/17	110	60	2.00		

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