

Market Notice

Number: A1937 A
Date 23 January 2014

Approval of the amendments to the Derivative Rules – Liquidity Facilities

Members are advised that the proposed amendments to the Derivatives Rules, attached as annexure A, have been approved by the FSB and came into effect as of the 13th of December 2013. The amendments were distributed to the market for comment on the 23rd of October 2013, to which no significant comments were raised by the members. It was subsequently submitted to the FSB for publishing to the public via the Government Gazette on the 27th of November 2013, where again no significant comments were received by the public.

The amendments to the Derivatives Rules were an essential pre-requisite for the establishment of liquidity facilities that the JSE is required to secure in terms of the core risk management deployed by Safcom and the safety of the market as a whole.

The approved rule amendments enable the JSE to ensure that Safcom, the JSE's appointed clearing house for its derivatives, interest rate and currency markets, is able to fulfill the payment obligations of market participants that are temporarily unable to do so. The JSE is now able to utilize its liquidity facilities to ensure prompt payment to market participants in the event of a default or operational issues which may cause delays in the processing of payments. This type of funding arrangement is a well-established and accepted principle in the derivatives market globally.

Should you have any queries, kindly contact Terence Saayman on (011) 520-7713 or TerenceS@jse.co.za.

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