

MARKET NOTICE

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Number: A2124
Date: 19 November 2014

SUBJECT: CHANGES TO THE COMMODITIES INITIAL, CALENDAR AND SERIES SPREAD MARGIN
REQUIREMENTS

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Dear JSE Stakeholder

Changes to the initial margin requirements for all commodity derivative products

To recap from the previous market notice that was published regarding margin requirements, the JSE has amended the initial margining methodology to consider the below:

- A liquidation period of at least 2-days P&L's will be applied to all asset classes.
- A 1000-day (4 year) look-back period will be used.
- Look-back will consist of a rolling 750-day rolling look-back and a 250-day stressed look-back.
- Returns will be scaled according to current volatility.

An important change to be aware of that was agreed at the Agricultural Advisory Committee as well as the JSE Clear Advisory Committee is that margin requirements will be updated on a more frequent basis going forward. The JSE has decided that as from the beginning of October 2014 margin requirements will be updated every two weeks. The intention with this process change is that changes to margins will be more frequent but each change is expected to be smaller. This will ensure that the margin as a percentage of the contract value will not vary as much as is currently the case.

Should there be any further questions regarding this process and envisaged changes going forward, please feel free to contact the Head of Risk, Terence Saayman on +27 11 520 7713 or email risk@jse.co.za.

Please note the following changes will be introduced on Monday 24 November 2014 for settlement Tuesday 25 November 2014

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
WMAZ	2014/12/22	24900	12500	9900	3.5	5000	30000
WMAZ	2015/01/23	14300	2200	7250	3.5	5000	30000
WMAZ	2015/03/24	14500	1900	7250	3.5	5000	30000
WMAZ	2015/05/22	14400	1600	7250	3.5	5000	30000
WMAZ	2015/07/24	14400	1700	7250	3.5	5000	30000
WMAZ	2015/09/22	14500	1500	7250	3.5	5000	30000
WMAZ	2016/07/22	14400	2000	7250	3.5	5000	30000
WNCI	2014/12/22	2490	1250	990	3.5	500	3000
YMAZ	2014/12/22	21100	8100	7290	3.5	5000	30000
YMAZ	2015/01/23	13600	1000	6940	3.5	5000	30000
YMAZ	2015/03/24	13900	800	6940	3.5	5000	30000
YMAZ	2015/05/22	13700	500	6940	3.5	5000	30000
YMAZ	2015/07/24	13700	600	6940	3.5	5000	30000
YMAZ	2015/09/22	13800	600	6940	3.5	5000	30000
YMAZ	2016/07/22	13300	500	6940	3.5	5000	30000
YNCI	2014/12/22	2110	810	729	3.5	500	3000
WEAT	2014/12/22	9500	3300	3740	3.5	6500	20000
WEAT	2015/01/23	6400	100	4220	3.5	6500	20000
WEAT	2015/03/24	6500	100	4220	3.5	6500	20000
WEAT	2015/05/22	6500	100	4220	3.5	6500	20000
WEAT	2015/07/24	6600	100	4220	3.5	6500	20000
WEAT	2015/09/22	6500	100	4220	3.5	6500	20000
CAPE	2014/12/22	6600	0	4010	3.5	6500	20000
SUNS	2014/12/22	38900	19300	5810	3.5	n/a	30000
SUNS	2015/01/23	20200	2300	4550	3.5	n/a	30000
SUNS	2015/03/24	20200	5700	4550	3.5	n/a	30000
SUNS	2015/05/22	18400	5000	4550	3.5	n/a	30000
SUNS	2015/07/24	17800	400	4550	3.5	n/a	30000
SUNS	2015/09/22	18300	2300	4550	3.5	n/a	30000
SOYA	2014/12/22	26200	3800	7810	3.5	3400	30000
SOYA	2015/01/23	22900	2400	8020	3.5	3400	30000
SOYA	2015/03/24	21700	200	8020	3.5	3400	30000
SOYA	2015/05/22	20100	1000	8020	3.5	3400	30000
SOYA	2015/07/24	20300	800	8020	3.5	3400	30000
SOYA	2015/09/22	20500	3100	8020	3.5	3400	30000

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SORG	2014/12/22	10900	200	3270	3.5	5000	30000
SORG	2015/03/24	11500	100	3270	3.5	5000	30000
SORG	2015/05/22	10800	300	3270	3.5	5000	30000
SORG	2015/07/24	10800	500	3270	3.5	5000	30000
SORG	2015/09/22	11300	0	3270	3.5	5000	30000
CORN	2014/12/01	16600	1800	4980	3.5	5000	n/a
CORN	2015/03/02	17400	1800	4980	3.5	5000	n/a
CORN	2015/07/01	18500	2000	4980	3.5	5000	n/a
BEAN	2015/03/02	36800	1200	11040	3.5	6700	n/a
BEAN	2015/05/04	37500	1300	11040	3.5	6700	n/a
BEAN	2015/07/01	37100	6300	11040	3.5	6700	n/a
MEAL	2014/12/01	55500	6600	16650	3.5	6700	n/a
MEAL	2015/01/02	53800	7200	16650	3.5	6700	n/a
MEAL	2015/03/02	52800	7900	16650	3.5	6700	n/a
OILS	2014/12/01	11700	1000	3510	3.5	n/a	n/a
OILS	2015/01/02	11900	1000	3510	3.5	n/a	n/a
OILS	2015/03/02	12100	1100	3510	3.5	n/a	n/a
KANS	2014/12/01	9000	400	2700	3.5	6600	n/a
KANS	2015/03/02	9100	300	2700	3.5	6600	n/a
KANS	2015/07/01	9300	300	2700	3.5	6600	n/a
KANS	2015/09/01	9300	100	2700	3.5	6600	n/a
KANS	2015/12/01	9600	100	2700	3.5	6600	n/a
REDW	2014/12/01	10800	900	3240	3.5	6600	n/a
REDW	2015/03/02	11100	700	3240	3.5	6600	n/a
REDW	2015/07/01	11500	700	3240	3.5	6600	n/a
REDW	2015/09/01	11200	300	3240	3.5	6600	n/a
REDW	2015/12/01	11600	200	3240	3.5	6600	n/a

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DSEL	2014/12/01	2 640	80	850	3.5		n/a
DSEL	2015/01/02	2 700	60	860	3.5		n/a
DSEL	2015/02/02	2 720	60	860	3.5		n/a
DSEL	2015/03/02	2 730	60	870	3.5		n/a
DSEL	2015/04/01	2 750	2 750	870	3.5		
DSEL	2015/05/04	2 750	2 750	870	3.5		
DSEL	2015/06/01	2 760	2 760	880	3.5		
BRNT	2014/12/12	7 900	30	2 440	3.5	700	n/a
BRNT	2015/03/16	8 520	160	2 560	3.5	700	n/a
WTIO	2014/12/12	8 840	280	2 700	3.5	700	n/a
WTIO	2015/03/16	8 960	290	2 720	3.5	700	n/a
GOLD	2014/12/12	7900	100	2390	3.5	400	n/a
GOLD	2015/03/16	8020	100	2410	3.5	400	n/a
PLAT	2014/12/12	9920	390	3000	3.5	400	n/a
PLAT	2015/03/16	10130	390	3010	3.5	400	n/a
COPP	2014/12/12	6270	210	1910	3.5	n/a	n/a
COPP	2015/03/16	6460	210	1920	3.5	n/a	n/a
SILV	2014/12/12	8410	90	2570	3.5	n/a	n/a
SILV	2015/03/16	8520	90	2590	3.5	n/a	n/a
QBRN	2015/02/10	7330	90	2160	3.5	n/a	n/a
QBRN	2015/05/12	7380	0	2170	3.5	n/a	n/a
QCFF	2015/02/10	7260	300	2140	3.5	n/a	n/a
QCFF	2015/05/12	7240	0	2130	3.5	n/a	n/a
QCOC	2015/02/10	2080	10	610	3.5	n/a	n/a
QCOC	2015/05/12	2090	0	610	3.5	n/a	n/a
QCOP	2015/02/10	5910	120	1810	3.5	n/a	n/a
QCOP	2015/05/12	5910	0	1810	3.5	400	n/a
QCRN	2015/02/10	1570	10	490	3.5	n/a	n/a
QCRN	2015/05/12	1570	0	490	3.5	n/a	n/a
QCTN	2015/02/10	2470	30	730	3.5	n/a	n/a
QCTN	2015/05/12	2470	0	730	3.5	400	n/a
QGAS	2015/02/10	8950	190	2720	3.5	n/a	n/a
QGAS	2015/05/12	9090	0	2760	3.5	n/a	n/a
QGLD	2015/02/10	6390	220	1920	3.5	n/a	n/a
QGLD	2015/05/12	6390	0	1920	3.5	n/a	n/a
QHEA	2015/02/10	7760	80	2320	3.5	n/a	n/a
QHEA	2015/05/12	7780	0	2320	3.5	n/a	n/a

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QNAT	2015/02/10	4300	80	1310	3.5	n/a	n/a
QNAT	2015/05/12	4270	0	1300	3.5	n/a	n/a
QPLD	2015/02/10	5550	370	1660	3.5	n/a	n/a
QPLD	2015/05/12	5550	0	1660	3.5	n/a	n/a
QPLT	2015/02/10	9130	560	2780	3.5	n/a	n/a
QPLT	2015/05/12	9160	0	2790	3.5	n/a	n/a
QSIL	2015/02/10	7510	50	2270	3.5	n/a	n/a
QSIL	2015/05/12	7520	0	2270	3.5	n/a	n/a
QSUG	2015/02/10	1900	90	590	3.5	n/a	n/a
QSUG	2015/05/12	1920	100	600	3.5	n/a	n/a

In terms of the margin change indicators, red denotes an increase in margin whilst green indicates a reduction in the required margins from the previous adjustment.

Please note in terms of the series

Spread margin, offset margin is recognized for the following products:

- WMAZ, YMAZ CORN and SORG (R5000/R5000/R5000/R5000)
- GOLD and PLAT (R400/R400)
- WEAT, REDW and KANS (R6500/R6600/R6600)
- SOYA/ BEAN/MEAL (R3400/ R6700/ R6700)
- BRNT/ WTIO (R700/ R700)

It is important that the difference in outright initial margin between the products is added to the series spread margin in order to determine the total initial margin require per structure