

MARKET NOTICE

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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 08 December 2014 for settlement Tuesday 09 December 2014

| Contract Code | Expiry Date | Initial Margin Requirement | Margin Change | Calendar Spread Margin | VSR | Series Spread Margin | Settlement Margin |
|---------------|-------------|----------------------------|---------------|------------------------|-----|----------------------|-------------------|
| WMAZ | 2014/12/22 | 21100 | 3800 | 10650 | 3.5 | 5000 | 30000 |
| WMAZ | 2015/01/23 | 12300 | 2000 | 7420 | 3.5 | 5000 | 30000 |
| WMAZ | 2014/02/20 | 12400 | - | 7480 | 3.5 | 5000 | 30000 |
| WMAZ | 2015/03/24 | 12400 | 2100 | 7480 | 3.5 | 5000 | 30000 |
| WMAZ | 2015/05/22 | 12500 | 1900 | 7530 | 3.5 | 5000 | 30000 |
| WMAZ | 2015/07/24 | 12400 | 2000 | 7500 | 3.5 | 5000 | 30000 |
| WMAZ | 2015/09/22 | 12600 | 1900 | 7500 | 3.5 | 5000 | 30000 |
| WMAZ | 2016/07/22 | 12400 | 2000 | 7500 | 3.5 | 5000 | 30000 |
| WNCI | 2014/12/22 | 2110 | - | 1065 | 3.5 | 500 | 3000 |
| YMAZ | 2014/12/22 | 18500 | 2600 | 7650 | 3.5 | 5000 | 30000 |
| YMAZ | 2015/01/23 | 12700 | 900 | 7170 | 3.5 | 5000 | 30000 |
| YMAZ | 2015/02/20 | 12800 | - | 7240 | 3.5 | 5000 | 30000 |
| YMAZ | 2015/03/24 | 12800 | 1100 | 7240 | 3.5 | 5000 | 30000 |
| YMAZ | 2015/05/22 | 12800 | 900 | 7220 | 3.5 | 5000 | 30000 |
| YMAZ | 2015/07/24 | 12700 | 1000 | 7180 | 3.5 | 5000 | 30000 |
| YMAZ | 2015/09/22 | 12900 | 900 | 7180 | 3.5 | 5000 | 30000 |
| YMAZ | 2016/07/22 | 12400 | 900 | 7180 | 3.5 | 5000 | 30000 |
| YNCI | 2014/12/22 | 1850 | - | 765 | 3.5 | 500 | 3000 |
| WEAT | 2014/12/22 | 8500 | 1000 | 3940 | 3.5 | 6500 | 20000 |
| WEAT | 2015/01/23 | 6400 | - | 4530 | 3.5 | 6500 | 20000 |
| WEAT | 2014/02/20 | 6500 | - | 4630 | 3.5 | 6500 | 20000 |
| WEAT | 2015/03/24 | 6500 | - | 4630 | 3.5 | 6500 | 20000 |
| WEAT | 2015/05/22 | 6600 | 100 | 4670 | 3.5 | 6500 | 20000 |
| WEAT | 2015/07/24 | 6600 | - | 4720 | 3.5 | 6500 | 20000 |
| WEAT | 2015/09/22 | 6600 | 100 | 4720 | 3.5 | 6500 | 20000 |
| CAPE | 2014/12/22 | 6600 | - | 4010 | 3.5 | 6500 | 20000 |
| SUNS | 2014/12/22 | 34800 | 4100 | 6640 | 3.5 | n/a | 30000 |
| SUNS | 2015/01/23 | 19200 | 1000 | 5210 | 3.5 | n/a | 30000 |
| SUNS | 2014/02/20 | 19400 | - | 5250 | 3.5 | n/a | 30000 |
| SUNS | 2015/03/24 | 19400 | 800 | 5250 | 3.5 | n/a | 30000 |
| SUNS | 2015/05/22 | 17800 | 600 | 4820 | 3.5 | n/a | 30000 |
| SUNS | 2015/07/24 | 18100 | 300 | 4890 | 3.5 | n/a | 30000 |
| SUNS | 2015/09/22 | 18500 | 200 | 4890 | 3.5 | n/a | 30000 |

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|---------------|-------------|----------------------------|---------------|------------------------|-----|----------------------|-------------------|
| SOYA | 2014/12/22 | 22900 | 3300 | 7430 | 3.5 | 3400 | 30000 |
| SOYA | 2015/01/23 | 20000 | 2900 | 7470 | 3.5 | 3400 | 30000 |
| SOYA | 2014/02/20 | 19700 | - | 7350 | 3.5 | 3400 | 30000 |
| SOYA | 2015/03/24 | 19700 | 2000 | 7350 | 3.5 | 3400 | 30000 |
| SOYA | 2015/05/22 | 18200 | 1900 | 6800 | 3.5 | 3400 | 30000 |
| SOYA | 2015/07/24 | 18400 | 1900 | 6890 | 3.5 | 3400 | 30000 |
| SOYA | 2015/09/22 | 18600 | 1900 | 6890 | 3.5 | 3400 | 30000 |
| SORG | 2014/12/22 | 10800 | 100 | 3240 | 3.5 | 5000 | 30000 |
| SORG | 2015/03/24 | 11300 | 200 | 3390 | 3.5 | 5000 | 30000 |
| SORG | 2015/05/22 | 10800 | - | 3390 | 3.5 | 5000 | 30000 |
| SORG | 2015/07/24 | 10600 | 200 | 3390 | 3.5 | 5000 | 30000 |
| SORG | 2015/09/22 | 11300 | - | 3390 | 3.5 | 5000 | 30000 |
| CORN | 2014/12/01 | 15600 | 1000 | 5130 | 3.5 | 5000 | n/a |
| CORN | 2015/03/02 | 16600 | 800 | 5130 | 3.5 | 5000 | n/a |
| CORN | 2015/05/04 | 17100 | 1400 | 5130 | 3.5 | 5000 | n/a |
| BEAN | 2015/03/02 | 36100 | 700 | 11130 | 3.5 | 6700 | n/a |
| BEAN | 2015/05/04 | 36700 | 800 | 11130 | 3.5 | 6700 | n/a |
| BEAN | 2015/07/01 | 37100 | - | 11130 | 3.5 | 6700 | n/a |
| MEAL | 2014/12/01 | 56800 | 1300 | 17040 | 3.5 | 6700 | n/a |
| MEAL | 2015/01/02 | 54100 | 300 | 17040 | 3.5 | 6700 | n/a |
| MEAL | 2015/03/02 | 51500 | 1300 | 17040 | 3.5 | 6700 | n/a |
| OILS | 2014/12/01 | 12000 | 300 | 3690 | 3.5 | n/a | n/a |
| OILS | 2015/01/02 | 12100 | 200 | 3690 | 3.5 | n/a | n/a |
| OILS | 2015/03/02 | 12300 | 200 | 3690 | 3.5 | n/a | n/a |
| KANS | 2014/12/01 | 9000 | - | 2820 | 3.5 | 6600 | n/a |
| KANS | 2015/03/02 | 9200 | 100 | 2820 | 3.5 | 6600 | n/a |
| KANS | 2015/05/04 | 9400 | 100 | 2820 | 3.5 | 6600 | n/a |
| KANS | 2015/07/01 | 9400 | 100 | 2820 | 3.5 | 6600 | n/a |
| KANS | 2015/09/01 | 9200 | 400 | 2820 | 3.5 | 6600 | n/a |
| REDW | 2014/12/01 | 10100 | 700 | 3240 | 3.5 | 6600 | n/a |
| REDW | 2015/03/02 | 10400 | 700 | 3240 | 3.5 | 6600 | n/a |
| REDW | 2015/05/04 | 10700 | 800 | 3240 | 3.5 | 6600 | n/a |
| REDW | 2015/07/01 | 10800 | 400 | 3240 | 3.5 | 6600 | n/a |
| REDW | 2015/09/01 | 10600 | 1000 | 3240 | 3.5 | 6600 | n/a |

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| DSEL | 2014/12/01 | 2 780 | 140 | 900 | 3.5 | n/a | n/a |
| DSEL | 2015/01/02 | 2 750 | 50 | 900 | 3.5 | n/a | n/a |
| DSEL | 2015/02/02 | 2 770 | 50 | 900 | 3.5 | n/a | n/a |
| DSEL | 2015/03/02 | 2 800 | 70 | 900 | 3.5 | n/a | n/a |
| DSEL | 2015/04/01 | 2 950 | 200 | 900 | 3.5 | n/a | n/a |
| DSEL | 2015/05/04 | 2 940 | 190 | 900 | 3.5 | n/a | n/a |
| DSEL | 2015/06/01 | 2 970 | 210 | 900 | 3.5 | n/a | n/a |
| BRNT | 2014/12/12 | 7 730 | 170 | 2 280 | 3.5 | 700 | n/a |
| BRNT | 2015/03/16 | 8 900 | 380 | 2 280 | 3.5 | 700 | n/a |
| WTIO | 2014/12/12 | 9 200 | 360 | 2 900 | 3.5 | 700 | n/a |
| WTIO | 2015/03/16 | 9 350 | 390 | 2 900 | 3.5 | 700 | n/a |
| GOLD | 2014/12/12 | 8140 | 240 | 2540 | 3.5 | 400 | n/a |
| GOLD | 2015/03/16 | 8270 | 250 | 2540 | 3.5 | 400 | n/a |
| PLAT | 2014/12/12 | 10840 | 920 | 3590 | 3.5 | 400 | n/a |
| PLAT | 2015/03/16 | 11050 | 920 | 3590 | 3.5 | 400 | n/a |
| COPP | 2014/12/12 | 6650 | 380 | 2140 | 3.5 | n/a | n/a |
| COPP | 2015/03/16 | 6820 | 360 | 2140 | 3.5 | n/a | n/a |
| SILV | 2014/12/12 | 8610 | 200 | 2670 | 3.5 | n/a | n/a |
| SILV | 2015/03/16 | 8730 | 210 | 2670 | 3.5 | n/a | n/a |
| QBRN | 2015/02/10 | 7340 | 10 | 2190 | 3.5 | n/a | n/a |
| QBRN | 2015/05/12 | 7700 | 320 | 2190 | 3.5 | n/a | n/a |
| QCFF | 2015/02/10 | 7930 | 670 | 2610 | 3.5 | n/a | n/a |
| QCFF | 2015/05/12 | 7900 | 660 | 2610 | 3.5 | n/a | n/a |
| QCOC | 2015/02/10 | 2060 | 20 | 610 | 3.5 | n/a | n/a |
| QCOC | 2015/05/12 | 2070 | 20 | 610 | 3.5 | n/a | n/a |
| QCOP | 2015/02/10 | 6090 | 180 | 1900 | 3.5 | n/a | n/a |
| QCOP | 2015/05/12 | 6180 | 270 | 1900 | 3.5 | n/a | n/a |
| QCRN | 2015/02/10 | 1540 | 30 | 470 | 3.5 | n/a | n/a |
| QCRN | 2015/05/12 | 1550 | 20 | 470 | 3.5 | n/a | n/a |
| QCTN | 2015/02/10 | 2540 | 70 | 790 | 3.5 | n/a | n/a |
| QCTN | 2015/05/12 | 2540 | 70 | 790 | 3.5 | n/a | n/a |
| QGAS | 2015/02/10 | 9220 | 270 | 2870 | 3.5 | n/a | n/a |
| QGAS | 2015/05/12 | 9870 | 780 | 2870 | 3.5 | n/a | n/a |
| QGLD | 2015/02/10 | 6980 | 590 | 2320 | 3.5 | 400 | n/a |
| QGLD | 2015/05/12 | 6900 | 510 | 2320 | 3.5 | 400 | n/a |

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| QHEA | 2015/02/10 | 7800 | 40 | 2350 | 3.5 | n/a | n/a |
| QHEA | 2015/05/12 | 8010 | 230 | 2350 | 3.5 | n/a | n/a |
| QNAT | 2015/02/10 | 4260 | 40 | 1280 | 3.5 | n/a | n/a |
| QNAT | 2015/05/12 | 4100 | 170 | 1280 | 3.5 | n/a | n/a |
| QPLD | 2015/02/10 | 6630 | 1080 | 2390 | 3.5 | n/a | n/a |
| QPLD | 2015/05/12 | 6480 | 930 | 2390 | 3.5 | n/a | n/a |
| QPLT | 2015/02/10 | 10540 | 1410 | 3690 | 3.5 | 400 | n/a |
| QPLT | 2015/05/12 | 10570 | 1410 | 3690 | 3.5 | 400 | n/a |
| QSIL | 2015/02/10 | 7670 | 160 | 2370 | 3.5 | n/a | n/a |
| QSIL | 2015/05/12 | 7640 | 120 | 2370 | 3.5 | n/a | n/a |
| QSUG | 2015/02/10 | 2100 | 200 | 710 | 3.5 | n/a | n/a |
| QSUG | 2015/05/12 | 2140 | 220 | 710 | 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)

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