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Stock Exchange

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REFERENCE NUMBER: 013/2020

30 January 2020

VALUE ADDED TAX AND RISK FEE

We refer to Market Notice 266/2019 published on 5 December 2019;

It has come to the attention of the JSE that its systems do not accurately record the nature of the interest consideration earned as operating income by JSE Clear in that invoices are provided to clearing members that incorrectly state that a risk fee (interest consideration from 31 January 2020) is payable by the clearing member. This does not reflect the true nature of the interest consideration as this consideration is the profit made by JSE Clear in its investment of margin (collateral) of market participants that have opened positions on the JSE's Derivatives markets.

The interest consideration earned by JSE Clear is therefore not a fee or consideration payable by clearing members to JSE Clear nor do the regulatory responsibilities of JSE Clear in the investment of market participants' margin amount to a "service" to clearing members.

The JSE is in the process of effecting the necessary changes to its systems to ensure that the interest consideration earned by JSE Clear is correctly reflected in the payment to clearing members of the net amount (less interest consideration) of margin due to market participants.

These changes will unfortunately not be finalised before the "go-live" date of Friday, 31 January 2020 but the current system constraints do not detract from the important principles underpinning the nature of the JSE and JSE Clear's activities.

Market / Service:

JSE Derivative Markets

- Equity Derivatives
- Currency Derivatives

Environment(s):

Production

Additional Information:

If you have any queries about this communication, please contact the JSE Clearing and Settlement team on +27 11 520 7349 or e-mail clearops@jse.co.za

Issued By:

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