
MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 129A/2016
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives

Date: 7 March 2016

SUBJECT: PROPOSED AMENDMENTS TO THE DERIVATIVES RULES – COLLATERAL

Name and Surname: Shaun Davies
Designation: Director - Market Regulation

Members are advised that the proposed amendments to the JSE derivatives rules, attached as Annexure A, were adopted by the JSE executive committee on 3 March 2016.

JSE Clear has historically only accepted ZAR cash payments to secure the initial margin obligations of trading members and clients; and the additional margin obligations of clearing members in respect of their contributions to the Default Fund. The purpose of the proposed amendments is to enable eligible market participants to, in addition to a minimum cash amount, also pledge qualifying listed securities as collateral, which will have the effect of easing liquidity constraints on the market. The qualifying listed securities are to be pledged to the JSE in accordance with the relevant principles of South African law and section 39 of the Financial Markets Act, the JSE derivatives rules and the applicable JSE prescribed agreements.

The JSE Clear Collateral Policy is attached as Annexure B and while the list of eligible listed securities and the haircuts that are to be taken thereon is still to be finalised, it should be noted that during the process of implementing the policy, only the most liquid SA government bonds will be accepted. Over time, consideration will be given to increasing the number of listed securities that are eligible to be pledged and the amount of initial margin that the pledged securities may cover.

Following public consultation, an appropriate effective date for the approved rule amendments will be identified so as to ensure that such date is after all necessary JSE system changes have been implemented, the annexures to the prescribed JSE agreements have been drafted and the list of eligible securities and haircuts thereto have been finalised.

Unless written objections are lodged within 10 days of this notice, in terms of rule 1.80.3, the proposed amendments to the rules will be submitted to the registrar for his approval.

Should you have any queries regarding this notice, please contact Paul Hartzberg on (011) 520 7584 or at paulh@jse.co.za

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