

MARKET NOTICE

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NOTICE NO. **004**

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DATE: 5 January 2015

SUBJECT: **CHANGES TO THE COMMODITIES PHYSICALLY SETTLED CONTRACTS INITIAL AND SERIES
SPREAD MARGIN REQUIREMENTS FOR THE SPOT MONTHS**

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Dear JSE Stakeholder

Changes to the initial margin requirements for the spot months 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.

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>

Please note the following changes will be introduced on Monday 05 January 2015 for settlement Tuesday 06 January 2015

Contract Code	Expiry Date	Initial Margin Requirement	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
WMAZ	2015/01/23	21100	10650	3.5	5000	30000
YMAZ	2015/01/23	18500	7650	3.5	5000	30000
WEAT	2015/01/23	8500	3940	3.5	6500	20000
SUNS	2015/01/23	34800	6640	3.5	n/a	30000
SOYA	2015/01/23	22900	7430	3.5	3400	30000