

MARKET NOTICE

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NOTICE NO. **039/2015**

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DATE: 20 January 2015

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

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Dear JSE Stakeholder

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

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 26 January 2015 for settlement Tuesday 27 January 2015

Contract Code	Expiry Date	Fixed Margin	Margin Change	Spread Margin	VSR	Series Spread Margin	Settlement Margin
WMAZ	2015/02/20	19300	-1300	10780	3.5	5000	30000
WMAZ	2015/03/24	12600	300	8510	3.5	5000	30000
WMAZ	2015/05/22	12600	400	8550	3.5	5000	30000
WMAZ	2015/07/24	12700	600	8630	3.5	5000	30000
WMAZ	2015/09/22	12800	800	8690	3.5	5000	30000
WMAZ	2015/12/23	13000	800	8690	3.5	5000	30000
WMAZ	2016/07/22	13400	800	8690	3.5	5000	30000
YMAZ	2015/02/20	17500	1500	7370	3.5	5000	30000
YMAZ	2015/03/24	12000	1100	6850	3.5	5000	30000
YMAZ	2015/05/22	12200	900	6960	3.5	5000	30000
YMAZ	2015/07/24	12300	600	6980	3.5	5000	30000
YMAZ	2015/09/22	12400	500	7040	3.5	5000	30000
YMAZ	2015/12/23	12600	500	7040	3.5	5000	30000
YMAZ	2016/07/22	12900	700	7040	3.5	5000	30000
WEAT	2015/02/20	10900	800	5180	3.5	6500	20000
WEAT	2015/03/24	6700	-100	4160	3.5	6500	20000
WEAT	2015/05/22	6700	-200	4190	3.5	6500	20000
WEAT	2015/07/24	6800	-200	4240	3.5	6500	20000
WEAT	2015/09/22	6800	-200	4270	3.5	6500	20000
SUNS	2015/02/20	38800	500	6790	3.5	n/a	30000
SUNS	2015/03/24	20600	400	5030	3.5	n/a	30000
SUNS	2015/05/22	20200	-200	4950	3.5	n/a	30000
SUNS	2015/07/24	18600	-200	4550	3.5	n/a	30000
SUNS	2015/09/22	19200	-	4700	3.5	n/a	30000
SUNS	2015/12/23	19400	-	4700	3.5	n/a	30000
SOYA	2015/02/20	25700	4100	7450	3.5	3400	30000
SOYA	2015/03/24	22500	3100	7860	3.5	3400	30000
SOYA	2015/05/22	20900	2900	7310	3.5	3400	30000
SOYA	2015/07/24	18800	2400	6550	3.5	3400	30000
SOYA	2015/09/22	19000	2400	6640	3.5	3400	30000
SOYA	2015/12/23	19300	2500	6640	3.5	3400	30000

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SORG	2015/03/24	10400	-100	3390	3.5	5000	30000
SORG	2015/05/22	9900	-900	3390	3.5	5000	30000
SORG	2015/07/24	9900	-500	3390	3.5	5000	30000
SORG	2015/09/22	11300	-	3390	3.5	5000	30000
SGBT	2015/03/24	11300	-	3270	3.5	5000	40000
SGBT	2015/05/22	10800	-	3270	3.5	5000	40000
SGBT	2015/07/24	10600	-	3270	3.5	5000	40000
SGBT	2015/09/22	11300	-	3270	3.5	5000	40000
XQSB	2015/02/24	3400		1300	3.5	n/a	n/a
CORN	2015/03/02	17900	700	6830	3.5	5000	n/a
CORN	2015/05/04	18500	400	6120	3.5	5000	n/a
CORN	2015/07/01	18900	700	6270	3.5	5000	n/a
CORN	2015/09/01	19400	500	6430	3.5	5000	n/a
CORN	2015/12/01	20000	800	6640	3.5	5000	n/a
BEAN	2015/03/02	35600	-1900	9490	3.5	6700	n/a
BEAN	2015/05/04	36100	-2100	9620	3.5	6700	n/a
BEAN	2015/07/01	36800	-2000	9790	3.5	6700	n/a
BEAN	2015/09/01	36600	-1900	9750	3.5	6700	n/a
BEAN	2015/11/02	36500	-1900	9720	3.5	6700	n/a
MEAL	2015/03/02	48300	-9100	17430	3.5	6700	n/a
MEAL	2015/05/04	50000	-4500	15560	3.5	6700	n/a
MEAL	2015/07/01	52800	400	16430	3.5	6700	n/a
MEAL	2015/09/01	52500	-2900	16340	3.5	6700	n/a
MEAL	2015/12/01	51500	-3600	16020	3.5	6700	n/a
OILS	2015/03/02	12100	800	4390	3.5	n/a	n/a
OILS	2015/05/04	12200	700	4400	3.5	n/a	n/a
OILS	2015/07/01	12700	1200	4590	3.5	n/a	n/a
OILS	2015/09/01	12500	600	4540	3.5	n/a	n/a
OILS	2015/12/01	12600	800	4540	3.5	n/a	n/a
KANS	2015/03/02	9800	-700	5990	3.5	6600	n/a
KANS	2015/05/04	10300	300	5780	3.5	6600	n/a
KANS	2015/07/01	10100	-800	5680	3.5	6600	n/a
KANS	2015/09/01	10100	300	5700	3.5	6600	n/a
KANS	2015/12/01	10800	-900	6080	3.5	6600	n/a

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REDW	2015/03/02	11700	-1000	4720	3.5	6600	n/a
REDW	2015/05/04	11800	-1100	4790	3.5	6600	n/a
REDW	2015/07/01	12100	-1000	4880	3.5	6600	n/a
REDW	2015/09/01	12300	-1100	5000	3.5	6600	n/a
REDW	2015/12/01	12900	-1200	5210	3.5	6600	n/a
BRNT	2015/03/16	7130	-960	2000	3.5	700	n/a
BRNT	2015/06/12	7130	-670	2000	3.5	700	n/a
COPP	2015/03/16	7230	-20	2220	3.5	n/a	n/a
COPP	2015/06/12	7310	70	2220	3.5	n/a	n/a
DSEL	2015/02/02	2410	-220	750	3.5	n/a	n/a
DSEL	2015/03/02	2420	-240	750	3.5	n/a	n/a
DSEL	2015/04/01	2480	-290	750	3.5	n/a	n/a
DSEL	2015/05/04	2500	-280	750	3.5	n/a	n/a
DSEL	2015/06/01	2530	-280	750	3.5	n/a	n/a
DSEL	2015/07/01	2490	-210	750	3.5	n/a	n/a
DSEL	2015/08/03	2720	-110	750	3.5	n/a	n/a
GOLD	2015/03/16	9530	700	2920	3.5	400	n/a
GOLD	2015/06/12	9600	780	2920	3.5	400	n/a
PLAT	2015/03/16	13280	1100	4130	3.5	400	n/a
PLAT	2015/06/12	13370	1220	4130	3.5	400	n/a
QBRN	2015/02/10	5810	-850	1690	3.5	n/a	n/a
QBRN	2015/05/12	6170	-860	1690	3.5	n/a	n/a
QBRN	2015/08/12	6500	-	1690	3.5	n/a	n/a
QBRN	2015/11/11	6580	-	1690	3.5	n/a	n/a
QCFF	2015/02/10	8030	200	2450	3.5	n/a	n/a
QCFF	2015/05/12	8600	340	2450	3.5	n/a	n/a
QCOC	2015/02/10	2060	-10	630	3.5	n/a	n/a
QCOC	2015/05/12	2030	-20	630	3.5	n/a	n/a
QCOP	2015/02/10	6090	-140	1860	3.5	n/a	n/a
QCOP	2015/05/12	6680	250	1860	3.5	n/a	n/a
QCRN	2015/02/10	1560	-	480	3.5	n/a	n/a
QCRN	2015/05/12	1600	10	480	3.5	n/a	n/a
QCTN	2015/02/10	2640	10	810	3.5	n/a	n/a
QCTN	2015/05/12	2630	30	810	3.5	n/a	n/a

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QGAS	2015/02/10	7770	-810	2310	3.5	n/a	n/a
QGAS	2015/05/12	11150	550	2310	3.5	n/a	n/a
QGLD	2015/02/10	8240	740	2570	3.5	400	n/a
QGLD	2015/05/12	8220	760	2570	3.5	400	n/a
QHEA	2015/02/10	6510	-750	1920	3.5	n/a	n/a
QHEA	2015/05/12	8380	-160	1920	3.5	n/a	n/a
QNAT	2015/02/10	3880	-60	1150	3.5	n/a	n/a
QNAT	2015/05/12	4380	240	1150	3.5	n/a	n/a
QPLD	2015/02/10	8010	400	2560	3.5	n/a	n/a
QPLD	2015/05/12	8000	650	2560	3.5	n/a	n/a
QPLT	2015/02/10	13180	1290	4170	3.5	400	n/a
QPLT	2015/05/12	12860	980	4170	3.5	400	n/a
QSIL	2015/02/10	9200	1160	2810	3.5	n/a	n/a
QSIL	2015/05/12	8730	690	2810	3.5	n/a	n/a
QSUG	2015/02/10	2360	140	740	3.5	n/a	n/a
QSUG	2015/05/12	2420	130	740	3.5	n/a	n/a
SILV	2015/03/16	9770	600	2980	3.5	n/a	n/a
SILV	2015/06/12	9850	680	2980	3.5	n/a	n/a
WTIO	2015/03/16	8220	-730	2460	3.5	700	n/a
WTIO	2015/06/12	8530	-540	2460	3.5	700	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