

MARKET NOTICEJohannesburg
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 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
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SUBJECT: AMENDMENTS TO THE RETURN DATE TRIGGER FOR EXTENDED PRICE LIMITS



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The recent price volatility applicable to a number of the deliverable grain contracts during February 2015 and the number of occasions where the extended price limits were triggered have resulted in the JSE reconsidering the methodology in play to adjust EXTENDED price limits. Price limits are currently only applicable to the agricultural deliverable grain contracts.

Based on current price limit criteria, should two or more hedging month contracts be marked-to-market (MTM) at the price limit for two consecutive trading sessions, an extended price limit of 150% of the daily price limit will be implemented for the next trading session. If during the extended limit session all HEDGING MONTH contracts trade below or MTM equal to the everyday price limit, extended price limits will be adjusted back to everyday price limit the following trading session.

To allow the market more time to find a pricing level and avoid the back and forth adjustment between every day and extended price limits during more volatile price periods, the JSE has resolved to delay the reversal from extended price limits to everyday price limits by an additional trading session provided all trigger criteria are met. The new price limit mechanism will therefore be implemented as follows:

- *Should two or more hedging month contracts be MTM at the everyday price limit for two consecutive trading sessions in the same direction, an extended limit of 150% of the daily price limit will be implemented.*
- *The extended limit will remain until such time the return trigger criteria are met.*

- *For everyday price limits to be returned, the criteria is that the majority of the hedging months, regardless of market direction, must be MTM equal to or below the everyday limit **for two consecutive trading sessions**.*
- *All other criteria applicable to price limits remain unchanged.*

Implementation of this new price limit methodology will be effective as from **Monday 4 May 2015**.

This notice does have the full support of the Agricultural Advisory Committee. Should there be any queries regarding process change, please contact commodities@jse.co.za.

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