

APPENDIX 1 - EXAMPLE OF CONSEQUENTIAL TRADES ARISING DIRECTLY FROM AN ERROR TRADE

Order book before error trade:

Mar '14 Wmaz

Member	Bid Qty	Bid	Offer	Offer Qty	Member
DAB	15	2210	2210	10	abc
EFG	2	2195	2212	12	UVW
KWN	7	2190	2213	3	ENO

sell order not seen by the mkt

1. Buying member, ABC enters order to buy the Mar '14 / Jun '14 spread at **R150**, should be R50
2. ABC will match on the sell side at the level of R2210, **this sell order is not seen by the market**
3. ABC is the complainant because they bought at R100 higher in the Jun '14 Wmaz
4. Prices for entire sequence of trades is based off this price of R2210

Order book before error trade:

Jun '14 Wmaz

Member	Bid Qty	Bid	Offer	Offer Qty	Member
abc	10	2360	2360	8	efg
NCR	6	2258			
DWT	1	2255			

sell order not seen by the mkt

1. Buying member, EFG enters an order to buy 8 conts in the Jun '14 / Sep '14 spread at R20
2. EFG's order is based off the incorrect pricing from ABC's spread of R150
3. Trade occurs when EFG's spread differential of R20 has been met

Order book before error trade:

Sep '14 Wmaz

Member	Bid Qty	Bid	Offer	Offer Qty	Member
efg	8	2380	2380	8	rvy
DAB	11	2300			

sell order not seen by the mkt

1. Buying member, RVY enters an order to buy 12 conts the Sep '14 / Dec '14 spread at R80
2. RVY's order is based on the incorrect pricing which originated from ABC's incorrect pricing
3. Trade occurs when RVY's spread differential of R80 has been met

Order book before error trade:

Dec '14 Wmaz

Member	Bid Qty	Bid	Offer	Offer Qty	Member
rvy	8	2460	2460	10	KLM
BRI	11	2225			
XYZ	14	2224			

1. KLM's sell order @ R2460 triggered the entire sequence of spreads
2. KLM gained from the high sell price

JSE DECISION	Match Price	Reference Price	Reference + R60 NCR	8 contracts Quantum Loss ("Match" less "Ref" Price)	Loss / Profit after adjustment - relative to Ref Price
TRADE STANDS	2 210	2 205	2 265		
ERROR TRADE :- PRICE ADJUST WITH NCR PENALTY	2 360	2 260	2 320		
				ABC Initial Loss - Match price less Ref Price	80 000
				ABC revised Loss. Adjusted price less Ref Price	48 000
				ABC revised spread	2 320 2 210 110
TRADE CANCEL	2 380	2 330	2 390		
				EFG Initial Loss - Match price less Ref Price	40 000
				Trade Cancelled. EFG revised Loss -	0
TRADE CANCEL	2 460	2 375	2 435		
				RVY Loss - Match price less Ref Price	68 000
				Trade Cancelled. RVY revised Loss -	0