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**MARKET NOTICE**Johannesburg  
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**Number:** 505/2015  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 20 August 2015

**SUBJECT:** INTRADAY AND END OF DAY BOND PRICE CHANGE REASONS

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**Designation:** Operations Manager

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Dear JSE Stakeholder

Please note that subscribers to the UTMTM and MTM files will also receive an Intraday and EOD Price Change reason report. This will take effect on Monday, 24 August 2015.

**NOTES ON THE CONTEXT OF THE REPORT:**

1. The Intraday Price Change reason report is based on the T+3 UTMTM data but reasons provided are applicable to all bonds listed in T, T+1 and T+3 files.
2. The EOD Price Change reason report is based on the T+3 MTM data but is reasons provided are applicable to all bonds listed in T, T+1 and T+3 files..
3. The reports provide reasons for bond movements and are based on certain logic.
4. The reports will be sent out together with the UTMTM and MTM files.

**FIELDS AND EXPLANATIONS FOR INTRADAY REPORT:**

1. Maturity alert: Indication that a bond is maturing current business day or the next business day.
2. New instrument alert: Indication of a new instrument that was not present the previous business day.
3. Companion Bond Movements: Corporate Bonds, that have companion bonds, could move in line with its companion bond, thus the companion bonds movement is shown for each corporate bond.
4. BP Spread Change Reason:
  - a. No BP Spread: No Companion Bond, BP Spread Change Reason will be BLANK.
  - b. No BP Spread change:

- c. Price movements due to Bid/Offer on IDB's:
- 5. MTM Change Reason:
  - a. No MTM value: Refer to **Pricing Methodology**.
  - b. There is an MTM Value but it did not move: No MTM Change
  - c. MTM Change, Companion Bond Change, BP Spread did not change: Price movements due to Bid/Offer on IDB's or in line with companion bond.
  - d. MTM Change, Companion Bond Change, BP Spread Change: Price movements due to Bid/Offer on IDB's.
  - e. Price movement due to Bid/Offer on IDB's: Government Vanilla Bonds.
- 6. Price Change Reason:
  - a. MTM did not change but All In Price and/or Clean Price did change, the price movement is Market Related line with pricing methodology.
  - b. MTM did not change and All In Price and/or Clean Price did not change, Price Change Reason will show the same as MTM Change reason.
  - c. MTM did change and All In Price and/or Clean Price did change; Price Change Reason will show the same reason as MTM Change reason.
  - d. Issuer valuated; Price change reason will show Externally Valuated.
- 7. Accrued Interest Reason:
  - a. Externally valuated: Issuer valuated bonds
  - b. Accrued Interest is negative: Bond On Close.
  - c. Accrued interest is zero: Bond has paid coupon.
    - i. The bond has actually paid a coupon
    - ii. The bond is a customised instrument, where the All in Price always equals the Clean Price; therefore the Accrued interest will always be zero.
  - d. Accrued interest is Positive: Will display Price Change reason from point 6.

**FIELDS AND EXPLANATIONS FOR EOD REPORT:**

- 1. Maturity alert: Indication that a bond is maturing current business day or the next business day.
- 2. New instrument alert: Indication of a new instrument that was not present the previous business day.
- 3. Companion Bond Movements: Corporate Bonds that have companion bonds could move in line with its companion bond, thus the companion bonds movement is shown for each corporate bond.
- 4. BP Spread Change Reason:
  - a. No BP Spread: No Companion Bond, BP Spread Change Reason will be BLANK.
  - b. No BP Spread change:
  - c. Price movements due to Bid/Offer on IDB's:
- 5. MTM Change Reason:

- a. No MTM value: Refer to Pricing Methodology.
  - b. There is an MTM Value but it did not move: No MTM Change.
  - c. Price movements due to Bid/Offer on IDB's or in line with companion bond: MTM Change, Companion Bond Change, BP Spread did not change.
  - d. Price movements due to Bid/Offer on IDB's: MTM Change, Companion Bond Change, BP Spread Change.
  - e. Determined by Primary Dealer Yields as per MTM Rules: Government Vanilla Bonds:
6. Price Change Reason:
- a. MTM did not change but All In Price and/or Clean Price did change, the price movement is Market Related line with pricing methodology.
  - b. MTM did not change and All In Price and/or Clean Price did not change, Price Change Reason will show the same as MTM Change reason.
  - c. MTM did change and All in Price and/or Clean Price did change; Price Change Reason will show the same reason as MTM Change reason.
  - d. Issuer valuated: Price change reason will show Externally Valuated.
7. Accrued Interest Reason:
- a. Externally valuated: Issuer valuated bonds
  - b. Accrued Interest is negative: Bond On Close.
  - c. Accrued interest is zero: Bond has paid coupon.
    - i. The bond has actually paid a coupon
    - ii. The bond is a customised instrument, where the All in Price always equals the Clean Price; therefore the Accrued interest will always be zero.
  - d. Accrued interest is Positive: Will display Price Change reason from point 6.

**PRICING METHODOLOGY:**

1. Illiquid: All Corporate Vanilla and CPI bonds
2. Commercial paper: All short-term bonds paying coupon on maturity date
3. Externally valuated/Issuer valuated: Bonds that are priced daily by the issuer.
4. Price Traded: All floating rate notes and all your customised instruments (Non-Standard bonds)

Should you have any queries regarding this notice, please contact [irdata@jse.co.za](mailto:irdata@jse.co.za).

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