

MARKET NOTICE

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Subject: CHANGES TO THE MARGIN REQUIREMENTS FOR PHYSICALLY SETTLED GRAIN CONTRACTS
AND CHANGES TO THE SORGHUM PRICE LIMITS

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Dear JSE Stakeholder

Changes to the initial margin requirements for physically settled grain contracts

As the JSE revisits its initial margining methodology to consider the points below so this requires adjustments to the various margin requirements, the new methodology focuses on:

- 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.

The complete changes will be implemented in due course however as an interim phase please take note of the changes as per the table below. The maximum increase was limited to R50/ton whilst IMR's have decreased for some of the products. Please also take note the Calendar Spread Margin Requirements for most products have changed reflecting a higher requirement during the spot month expiry and then tapering as we move across the expiry month strip. Please note the follow changes will be introduced on **Thursday 3 July 2014 for Friday 4 July 2014:**

Contract Code	Initial Margin Requirements	IMR Change	Calendar Spread Margin Requirement/Expiry
WMAZ + WNCI	R13 000/contract up to first position day.	Increase of R5/ton or R500/contract	Jul14 – R6000/contract Aug14- R5500/contract
WNCI =1/10 th of req.	R22 100/ contract from first positions day or at extended limits.	Decrease of R29/ton or R2900/contract	Sep14 – R5000/contract All other expiries – R5100/contract
	R30 000/contract from last trading day up and until last delivery day.	Unchanged	

Contract Code	Initial Margin Requirements	IMR Change	Calendar Spread Margin Requirement/Expiry
YMAZ + YNCI	R13 000/contract up to first position day.	Increase of R5/ton or R500/contract	Jul14-R6000/contract Aug14-R5500/contract
YNCI = 1/10th of req.	19 300/ contract from first positions day or at extended limits.	Decrease of R57/ton or R5700/contract	All other expiries – R5000/contract
	R30 000/contract from last trading day up and until last delivery day.	Unchanged	
SOYA	R17 500/contract up to first position day.	Increase of R50/ton or R2500/contract	Jul14 – R5500/contract Aug14– R5000/contract
	R22 500/ contract from first positions day or at extended limits.	Increase of R50/ton or R2500/contract	Sep14 – R5000/contract All other expiries – R4500/contract
	R26 000/contract from last trading day up and until last delivery day.	unchanged	
WEAT	R8 900/contract up to first position day.	Increase of R38/ton or R1900/contract	All expiries – R3100/contract
	R10 800/ contract from first positions day or at extended limits.	Increase of R36/ton or R1800/contract	
	R15 000/contract from last trading day up and until last delivery day.	Decrease of R60/ton or R3000/contract	
SUNS	R17 000/contract up to first position day.	Increase of R40/ton or R2000/contract	Jul14 – R5000/contract Aug14- R4800/contract
	R22 500/ contract from first positions day or at extended limits.	Increase of R50/ton or R2500/contract	All other expiries – R4500/contract
	R30 000/contract from last trading day up and until last delivery day.	unchanged	
SORG	R10 900/contract up to first position day.	Decrease of R1/ton or R100/contract	unchanged
	R15 000/ contract from first positions day or at extended limits.	unchanged	
	R20 000/contract from last trading day up and until last delivery day.	Decrease of R100/ton or R10 000/contract	
SGBT	R18 000/contract up to first position day.	unchanged	unchanged
	R20 000/ contract from first positions day or at extended limits.	unchanged	
	R30 000/contract from last trading day up and until last delivery day.	Decrease of R100/ton or R10 000/contract	

All series spread margin requirements will remain unchanged for this month.

Price limits for sorghum contracts (both SORG and SGBT) will increase from R50/ton to **R80/ton with extended limits at R120/ton**. The changes to the price limits will be implemented at the same time as the margin changes namely effective for trading on **Friday 4 July 2014**.