

## MARKET NOTICE

Johannesburg  
Stock Exchange

Tel: +27 11 520 7000

Fax: +27 11 520 8584

[www.jse.co.za](http://www.jse.co.za)

Number: A2095

Date: 19 September 2014

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

Chris Sturgess

Designation Director

Division Commodity Derivatives

Tel +27 11 520-7299

Fax +27 11 520-7558

E-mail address: [chriss@jse.co.za](mailto:chriss@jse.co.za)

Dear JSE Stakeholder

### Changes to the initial margin requirements for all commodity derivative products

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.

Please note the follow changes will be introduced on Friday 26 September 2014 for settlement Monday 29 September 2014.

Another 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 and rounded up to the closest R100 per contract. 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](mailto:risk@jse.co.za).

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
WMAZ	2014/10/24	20200	700	9100	3.5	5000	30000
WMAZ	2014/11/21	11000	600	6770	3.5	5000	30000
WMAZ	2014/12/22	11900	200	6770	3.5	5000	30000
WMAZ	2015/03/24	12300	300	6770	3.5	5000	30000
WMAZ	2015/05/22	12400	200	6770	3.5	5000	30000
WMAZ	2015/07/24	12600	200	6770	3.5	5000	30000
WNCI	2014/12/22	1190	20	677	3.5	500	3000
WMNC	2015/03/25	12300	300	6770	3.5	5000	n/a
YMAZ	2014/10/24	15900	1600	7220	3.5	5000	30000
YMAZ	2014/11/21	10300	100	6320	3.5	5000	30000
YMAZ	2014/12/22	11100	900	6320	3.5	5000	30000
YMAZ	2015/03/24	11300	900	6320	3.5	5000	30000
YMAZ	2015/05/22	11200	700	6320	3.5	5000	30000
YMAZ	2015/07/24	11400	900	6320	3.5	5000	30000
YNCI	2014/12/22	1110	90	632	3.5	500	3000
YMNC	2015/03/25	11300	900	6320	3.5	5000	n/a
WEAT	2014/10/24	8500	800	4300	3.5	6500	20000
WEAT	2014/11/21	6600	400	4010	3.5	6500	20000
WEAT	2014/12/22	6600	200	4010	3.5	6500	20000
WEAT	2015/03/24	6700	300	4010	3.5	6500	20000
WEAT	2015/05/22	6800	200	4010	3.5	6500	20000
CAPE	2014/12/22	6600	200	4010	3.5	6500	20000
SUNS	2014/10/24	24900	400	6600	3.5	n/a	30000
SUNS	2014/11/21	13700	1500	5340	3.5	n/a	30000
SUNS	2014/12/22	14700	500	5340	3.5	n/a	30000
SUNS	2015/03/24	14500	1000	5340	3.5	n/a	30000
SUNS	2015/05/22	13400	2100	5340	3.5	n/a	30000
SOYA	2014/10/24	22300	800	9900	3.5	3400	30000
SOYA	2014/11/21	19600	900	5850	3.5	3400	30000
SOYA	2014/12/22	19900	900	5850	3.5	3400	30000
SOYA	2015/03/24	18700	1800	5850	3.5	3400	30000
SOYA	2015/05/22	17100	800	5850	3.5	3400	30000

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
SORG	2014/12/22	11200	600	3400	3.5	5000	30000
SORG	2015/03/24	11800	400	3400	3.5	5000	30000
SORG	2015/05/22	11300	900	3400	3.5	5000	30000
CORN	2014/12/01	12400	800	4200	3.5	5000	n/a
CORN	2015/03/02	13100	700	4200	3.5	5000	n/a
CORN	2015/07/01	14000	700	4200	3.5	5000	n/a
BEAN	2014/11/03	33200	3300	10560	3.5	6700	n/a
BEAN	2015/03/02	34500	3500	10560	3.5	6700	n/a
BEAN	2015/05/04	35200	3700	10560	3.5	6700	n/a
MEAL	2014/10/01	36700	8500	11010	3.5	6700	n/a
MEAL	2014/12/01	35600	7500	11010	3.5	6700	n/a
MEAL	2015/01/02	35500	7500	11010	3.5	6700	n/a
MEAL	2015/03/02	36100	7800	11010	3.5	6700	n/a
OILS	2014/10/01	9400	100	2940	3.5	n/a	n/a
OILS	2014/12/01	9500	200	2940	3.5	n/a	n/a
OILS	2015/01/02	9600	200	2940	3.5	n/a	n/a
OILS	2015/03/02	9800	200	2940	3.5	n/a	n/a
KANS	2014/12/01	8600	800	3000	3.5	6600	n/a
KANS	2015/03/02	8900	800	3000	3.5	6600	n/a
KANS	2015/07/01	9200	800	3000	3.5	6600	n/a
KANS	2015/09/01	9700	700	3000	3.5	6600	n/a
KANS	2015/12/01	10000	800	3000	3.5	6600	n/a
REDW	2014/12/01	8900	900	3390	3.5	6600	n/a
REDW	2015/03/02	9400	900	3390	3.5	6600	n/a
REDW	2015/07/01	10300	800	3390	3.5	6600	n/a
REDW	2015/09/01	10900	700	3390	3.5	6600	n/a
REDW	2015/12/01	11300	700	3390	3.5	6600	n/a
QXSB	2014/10/28	4350	0	1300	3.5	n/a	n/a
DSEL	03/11/2014	2,600	100	800	3.5	n/a	n/a
DSEL	01/12/2014	2,700	0	800	3.5	n/a	n/a
DSEL	02/01/2015	2,700	0	800	3.5	n/a	n/a
DSEL	02/02/2015	2,700	100	800	3.5	n/a	n/a
DSEL	02/03/2015	2,800	100	800	3.5	n/a	n/a
BRNT	12/12/2014	8,200	100	2,400	3.5	500	n/a
BRNT	16/03/2015	8,100	0	2,400	3.5	500	n/a
WTIO	12/12/2014	8,600	0	2,600	3.5	500	n/a
WTIO	16/03/2015	8,300	0	2,600	3.5	500	n/a

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
GOLD	2014/12/12	7600	0	2300	3.5	800	n/a
GOLD	2015/03/16	7500	0	2300	3.5	800	n/a
PLAT	2014/12/12	9300	300	2800	3.5	800	n/a
PLAT	2015/03/16	9200	0	2800	3.5	800	n/a
COPP	2014/12/12	6000	200	1800	3.5	n/a	n/a
COPP	2015/03/16	5800	0	1800	3.5	n/a	n/a
SILV	2014/12/12	8600	500	2600	3.5	n/a	n/a
SILV	2015/03/16	8500	0	2600	3.5	n/a	n/a
QBRN	2014/11/11	7500	400	2300	3.5	n/a	n/a
QBRN	2015/02/10	7600	300	2300	3.5	n/a	n/a
QCFF	2014/11/11	5100	100	1500	3.5	n/a	n/a
QCFF	2015/02/10	5200	100	1500	3.5	n/a	n/a
QCOC	2014/11/11	2200	0	600	3.5	n/a	n/a
QCOC	2015/02/10	2100	100	600	3.5	n/a	n/a
QCOP	2014/11/11	5700	0	1700	3.5	n/a	n/a
QCOP	2015/02/10	5700	0	1700	3.5	n/a	n/a
QCRN	2014/11/11	1500	200	500	3.5	n/a	n/a
QCRN	2015/02/10	1600	100	500	3.5	n/a	n/a
QCTN	2014/11/11	2500	0	700	3.5	n/a	n/a
QCTN	2015/02/10	2500	0	700	3.5	n/a	n/a
QGAS	2014/11/11	9000	300	2700	3.5	n/a	n/a
QGAS	2015/02/10	9100	300	2700	3.5	n/a	n/a
QGLD	2014/11/11	5700	400	1700	3.5	800	n/a
QGLD	2015/02/10	5700	400	1700	3.5	800	n/a
QHEA	2014/11/11	8100	400	2400	3.5	n/a	n/a
QHEA	2015/02/10	8100	400	2400	3.5	n/a	n/a
QNAT	2014/11/11	4800	100	1400	3.5	n/a	n/a
QNAT	2015/02/10	4700	0	1400	3.5	n/a	n/a
QPLD	2014/11/11	4600	400	1400	3.5	n/a	n/a
QPLD	2015/02/10	4600	400	1400	3.5	n/a	n/a
QPLT	2014/11/11	7800	600	2300	3.5	800	n/a
QPLT	2015/02/10	7800	600	2300	3.5	800	n/a
QSIL	2014/11/11	7800	600	2400	3.5	n/a	n/a
QSIL	2015/02/10	7800	600	2400	3.5	n/a	n/a
QSUG	2015/02/10	1500	200	500	3.5	n/a	n/a
QSUG	2015/05/12	1600	200	500	3.5	n/a	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 (R800/R800)
- 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.