

MARKET NOTICE

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

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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.

An 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. 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.

Please note the following changes will be introduced on Monday 20 October 2014 for settlement Tuesday 21 October 2014

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
WMAZ	24-Oct-14	20,800	600	9,840	3.5	5,000	30,000
WMAZ	21-Nov-14	12,000	1,000	7,070	3.5	5,000	30,000
WMAZ	22-Dec-14	12,100	200	7,070	3.5	5,000	30,000
WMAZ	24-Mar-15	12,300	-	7,070	3.5	5,000	30,000
WMAZ	22-May-15	12,400	-	7,070	3.5	5,000	30,000
WMAZ	24-Jul-15	12,400	200	7,070	3.5	5,000	30,000
WNCI	22-Dec-14	1,210	20	707	3.5	500	3,000
WMNC	25-Mar-15	12,300	300	7,070	3.5	5,000	n/a
XWMS	23-Oct-14	20,800	600	9,840	3.5	5,000	n/a
YMAZ	24-Oct-14	18,200	2,300	7,280	3.5	5,000	30,000
YMAZ	21-Nov-14	12,500	2,200	6,410	3.5	5,000	30,000
YMAZ	22-Dec-14	12,600	1,500	6,410	3.5	5,000	30,000
YMAZ	24-Mar-15	12,800	1,500	6,410	3.5	5,000	30,000
YMAZ	22-May-15	12,600	1,400	6,410	3.5	5,000	30,000
YMAZ	24-Jul-15	12,800	1,400	6,410	3.5	5,000	30,000
YNCI	22-Dec-14	1,260	150	641	3.5	500	3,000
YMNC	25-Mar-15	12,800	1,500	6,410	3.5	5,000	n/a
WEAT	24-Oct-14	9,200	700	4,900	3.5	6,500	20,000
WEAT	21-Nov-14	6,300	300	4,010	3.5	6,500	20,000
WEAT	22-Dec-14	6,300	300	4,010	3.5	6,500	20,000
WEAT	24-Mar-15	6,400	300	4,010	3.5	6,500	20,000
WEAT	22-May-15	6,400	400	4,010	3.5	6,500	20,000
CAPE	22-Dec-14	6,300	300	4,010	3.5	6,500	20,000
SUNS	24-Oct-14	30,500	5,600	5,800	3.5	n/a	30,000
SUNS	21-Nov-14	17,800	4,100	5,180	3.5	n/a	30,000
SUNS	22-Dec-14	17,900	3,200	5,180	3.5	n/a	30,000
SUNS	24-Mar-15	17,100	2,600	5,180	3.5	n/a	30,000
SUNS	22-May-15	16,000	2,600	5,180	3.5	n/a	30,000

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
SOYA	24-Oct-14	23,000	700	9,800	3.5	3,400	30,000
SOYA	21-Nov-14	20,500	900	5,630	3.5	3,400	30,000
SOYA	22-Dec-14	20,500	600	5,630	3.5	3,400	30,000
SOYA	24-Mar-15	19,500	800	5,630	3.5	3,400	30,000
SOYA	22-May-15	17,400	300	5,630	3.5	3,400	30,000
SORG	22-Dec-14	11,200	600	3,400	3.5	5,000	30,000
SORG	24-Mar-15	11,800	400	3,400	3.5	5,000	30,000
SORG	22-May-15	11,300	900	3,400	3.5	5,000	30,000
CORN	01-Dec-14	11,800	600	3,990	3.5	5,000	n/a
CORN	02-Mar-15	12,400	700	3,990	3.5	5,000	n/a
CORN	01-Jul-15	13,300	700	3,990	3.5	5,000	n/a
BEAN	03-Nov-14	29,100	4,100	9,240	3.5	6,700	n/a
BEAN	02-Mar-15	30,200	4,300	9,240	3.5	6,700	n/a
BEAN	04-May-15	30,800	4,400	9,240	3.5	6,700	n/a
MEAL	01-Dec-14	32,300	3,300	9,690	3.5	6,700	n/a
MEAL	02-Jan-15	32,200	3,300	9,690	3.5	6,700	n/a
MEAL	02-Mar-15	32,300	3,800	9,690	3.5	6,700	n/a
OILS	01-Dec-14	9,500	-	2,940	3.5	n/a	n/a
OILS	02-Jan-15	9,600	-	2,940	3.5	n/a	n/a
OILS	02-Mar-15	9,800	-	2,940	3.5	n/a	n/a
KANS	01-Dec-14	8,400	200	2,760	3.5	6,600	n/a
KANS	02-Mar-15	8,600	300	2,760	3.5	6,600	n/a
KANS	01-Jul-15	8,800	400	2,760	3.5	6,600	n/a
KANS	01-Sep-15	9,200	500	2,760	3.5	6,600	n/a
KANS	01-Dec-15	9,500	500	2,760	3.5	6,600	n/a

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
REDW	01-Dec-14	9,100	200	3,270	3.5	6,600	n/a
REDW	02-Mar-15	9,400	-	3,270	3.5	6,600	n/a
REDW	01-Jul-15	10,000	300	3,270	3.5	6,600	n/a
REDW	01-Sep-15	10,400	500	3,270	3.5	6,600	n/a
REDW	01-Dec-15	10,900	400	3,270	3.5	6,600	n/a
QXSB	28-Oct-14	4,350	-	1,300	3.5	n/a	n/a
DSEL	03-Nov-14	2,500	100	800	3.5	n/a	n/a
DSEL	01-Dec-14	2,400	300	800	3.5	n/a	n/a
DSEL	02-Jan-15	2,500	200	800	3.5	n/a	n/a
DSEL	02-Feb-15	2,500	200	800	3.5	n/a	n/a
DSEL	02-Mar-15	2,500	300	800	3.5	n/a	n/a
BRNT	12-Dec-14	7,700	500	2,400	3.5	700	n/a
BRNT	16-Mar-15	8,000	100	2,400	3.5	700	n/a
WTIO	12-Dec-14	7,800	800	2,400	3.5	700	n/a
WTIO	16-Mar-15	7,900	400	2,400	3.5	700	n/a
GOLD	12-Dec-14	7,600	-	2,300	3.5	400	n/a
GOLD	16-Mar-15	7,700	200	2,300	3.5	400	n/a
PLAT	12-Dec-14	8,600	700	2,600	3.5	400	n/a
PLAT	16-Mar-15	8,800	400	2,600	3.5	400	n/a
COPP	12-Dec-14	5,600	400	1,700	3.5	n/a	n/a
COPP	16-Mar-15	5,800	-	1,700	3.5	n/a	n/a
SILV	12-Dec-14	8,100	500	2,500	3.5	n/a	n/a
SILV	16-Mar-15	8,200	300	2,500	3.5	n/a	n/a
QBRN	11-Nov-14	6,800	700	2,000	3.5	n/a	n/a
QBRN	10-Feb-15	6,900	700	2,000	3.5	n/a	n/a
QCFF	11-Nov-14	6,000	900	1,800	3.5	n/a	n/a
QCFF	10-Feb-15	6,200	1,000	1,800	3.5	n/a	n/a

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
QCOC	11-Nov-14	2,200	-	600	3.5	n/a	n/a
QCOC	10-Feb-15	2,100	-	600	3.5	n/a	n/a
QCOP	11-Nov-14	5,500	200	1,700	3.5	n/a	n/a
QCOP	10-Feb-15	5,500	200	1,700	3.5	n/a	n/a
QCRN	11-Nov-14	1,500	-	500	3.5	n/a	n/a
QCRN	10-Feb-15	1,600	-	500	3.5	n/a	n/a
QCTN	11-Nov-14	2,500	-	700	3.5	n/a	n/a
QCTN	10-Feb-15	2,400	100	700	3.5	n/a	n/a
QGAS	11-Nov-14	8,100	900	2,500	3.5	n/a	n/a
QGAS	10-Feb-15	8,200	900	2,500	3.5	n/a	n/a
QGLD	11-Nov-14	5,700	-	1,700	3.5	400	n/a
QGLD	10-Feb-15	5,700	-	1,700	3.5	400	n/a
QHEA	11-Nov-14	7,400	700	2,200	3.5	n/a	n/a
QHEA	10-Feb-15	7,400	700	2,200	3.5	n/a	n/a
QNAT	11-Nov-14	4,600	200	1,400	3.5	n/a	n/a
QNAT	10-Feb-15	4,600	100	1,400	3.5	n/a	n/a
QPLD	11-Nov-14	4,400	200	1,300	3.5	n/a	n/a
QPLD	10-Feb-15	4,400	200	1,300	3.5	n/a	n/a
QPLT	11-Nov-14	7,200	600	2,200	3.5	400	n/a
QPLT	10-Feb-15	7,200	600	2,200	3.5	400	n/a
QSIL	11-Nov-14	7,300	500	2,200	3.5	n/a	n/a
QSIL	10-Feb-15	7,300	500	2,200	3.5	n/a	n/a
QSUG	10-Feb-15	1,600	100	500	3.5	n/a	n/a
QSUG	12-May-15	1,600	-	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 (R400/R400)
- 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.