

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 10 November 2014 for settlement Tuesday 11 November 2014

Contract Code	Expiry Date	Initial Margin Requirement	Margin Change	Calendar Spread Margin	VSR	Series Spread Margin	Settlement Margin
WMAZ	2014/11/21	21400	600	9770	3.5	5000	30000
WMAZ	2014/12/22	12400	300	7070	3.5	5000	30000
WMAZ	2015/01/23	12100	-	7070	3.5	5000	30000
WMAZ	2015/03/24	12600	300	7070	3.5	5000	30000
WMAZ	2015/05/22	12800	400	7070	3.5	5000	30000
WMAZ	2015/07/24	12700	300	7070	3.5	5000	30000
WMAZ	2015/09/22	13000	600	7070	3.5	5000	30000
WMAZ	2016/07/22	12400	-	7070	3.5	5000	30000
WNCI	2014/12/22	1240	30	707	3.5	500	3000
YMAZ	2014/11/21	19300	1100	7220	3.5	5000	30000
YMAZ	2014/12/22	13000	400	6250	3.5	5000	30000
YMAZ	2015/01/23	12600	-	6410	3.5	5000	30000
YMAZ	2015/03/24	13100	300	6250	3.5	5000	30000
YMAZ	2015/05/22	13200	600	6250	3.5	5000	30000
YMAZ	2015/07/24	13100	300	6250	3.5	5000	30000
YMAZ	2015/09/22	13200	400	6250	3.5	5000	30000
YMAZ	2016/07/22	12800	-	6410	3.5	5000	30000
YNCI	2014/12/22	1300	40	625	3.5	500	3000
WEAT	2014/11/21	9200	-	4900	3.5	6500	20000
WEAT	2014/12/22	6200	100	4010	3.5	6500	20000
WEAT	2015/01/23	6300	-	4010	3.5	6500	20000
WEAT	2015/03/24	6400	-	4010	3.5	6500	20000
WEAT	2015/05/22	6400	-	4010	3.5	6500	20000
WEAT	2015/07/24	6500	100	4010	3.5	6500	20000
WEAT	2015/09/22	6400	-	4010	3.5	6500	20000
CAPE	2014/12/22	6600	300	4010	3.5	6500	20000
SUNS	2014/11/21	35400	4900	5700	3.5	n/a	30000
SUNS	2014/12/22	19600	1700	5050	3.5	n/a	30000
SUNS	2015/01/23	17900	-	5180	3.5	n/a	30000
SUNS	2015/03/24	18900	-	5340	3.5	n/a	30000
SUNS	2015/05/22	17000	1000	5340	3.5	n/a	30000
SUNS	2015/07/24	17400	1400	5050	3.5	n/a	30000
SUNS	2015/09/22	16000	-	5180	3.5	n/a	30000

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SOYA	2014/11/21	25200	2200	10100	3.5	3400	30000
SOYA	2014/12/22	22400	1900	5820	3.5	3400	30000
SOYA	2015/01/23	20500	-	5630	3.5	3400	30000
SOYA	2015/03/24	21500	-	5820	3.5	3400	30000
SOYA	2015/05/22	19100	1700	5820	3.5	3400	30000
SOYA	2015/07/24	19500	2100	5820	3.5	3400	30000
SOYA	2015/09/22	17400	-	5630	3.5	3400	30000
SORG	2014/12/22	11100	-	3480	3.5	5000	30000
SORG	2015/03/24	11600	200	3480	3.5	5000	30000
SORG	2015/05/22	11100	200	3480	3.5	5000	30000
SORG	2015/07/24	11300	-	3480	3.5	5000	30000
SORG	2015/09/22	11300	-	3480	3.5	5000	30000
CORN	2014/12/01	14800	3000	4950	3.5	5000	n/a
CORN	2015/03/02	15600	3200	4950	3.5	5000	n/a
CORN	2015/07/01	16500	3200	4950	3.5	5000	n/a
BEAN	2015/03/02	34600	4400	10860	3.5	6700	n/a
BEAN	2015/05/04	35600	4800	10860	3.5	6700	n/a
BEAN	2015/07/01	36200	5400	9240	3.5	6700	n/a
MEAL	2014/12/01	48900	16600	14670	3.5	6700	n/a
MEAL	2015/01/02	46600	14400	14670	3.5	6700	n/a
MEAL	2015/03/02	44900	12600	14670	3.5	6700	n/a
OILS	2014/12/01	10700	1200	3300	3.5	0	n/a
OILS	2015/01/02	10900	1300	3300	3.5	0	n/a
OILS	2015/03/02	11000	1200	3300	3.5	0	n/a
KANS	2014/12/01	8600	200	2760	3.5	6600	n/a
KANS	2015/03/02	8800	200	2760	3.5	6600	n/a
KANS	2015/07/01	9000	200	2760	3.5	6600	n/a
KANS	2015/09/01	9200	-	2760	3.5	6600	n/a
KANS	2015/12/01	9500	-	2760	3.5	6600	n/a
REDW	2014/12/01	9900	800	3420	3.5	6600	n/a
REDW	2015/03/02	10400	1000	3420	3.5	6600	n/a
REDW	2015/07/01	10800	800	3420	3.5	6600	n/a
REDW	2015/09/01	10900	500	3420	3.5	6600	n/a
REDW	2015/12/01	11400	500	3420	3.5	6600	n/a

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DSEL	2014/12/01	2 560	160	830	3.5	n/a	n/a
DSEL	2015/01/02	2 640	140	840	3.5	n/a	n/a
DSEL	2015/02/02	2 660	160	840	3.5	n/a	n/a
DSEL	2015/03/02	2 670	170	850	3.5	n/a	n/a
BRNT	2014/12/12	7 870	170	2 440	3.5	700	n/a
BRNT	2015/03/16	8 360	660	2 510	3.5	700	n/a
WTIO	2014/12/12	8 560	780	2 620	3.5	700	n/a
WTIO	2015/03/16	8 670	770	2 630	3.5	700	n/a
GOLD	2014/12/12	7800	100	2360	3.5	400	n/a
GOLD	2015/03/16	7920	320	2370	3.5	400	n/a
PLAT	2014/12/12	9530	930	2880	3.5	400	n/a
PLAT	2015/03/16	9740	1140	2890	3.5	400	n/a
COPP	2014/12/12	6060	460	1840	3.5	n/a	n/a
COPP	2015/03/16	6250	450	1850	3.5	n/a	n/a
SILV	2014/12/12	8320	220	2550	3.5	n/a	n/a
SILV	2015/03/16	8430	230	2560	3.5	n/a	n/a
QBRN	2014/11/11	7130	330	2110	3.5	n/a	n/a
QBRN	2015/02/10	7240	340	2120	3.5	n/a	n/a
QCFF	2014/11/11	6750	750	2030	3.5	n/a	n/a
QCFF	2015/02/10	6960	760	2040	3.5	n/a	n/a
QCOC	2014/11/11	2170	30	610	3.5	n/a	n/a
QCOC	2015/02/10	2090	10	610	3.5	n/a	n/a
QCOP	2014/11/11	5790	290	1780	3.5	n/a	n/a
QCOP	2015/02/10	5790	290	1780	3.5	n/a	n/a
QCRN	2014/11/11	1490	10	490	3.5	n/a	n/a
QCRN	2015/02/10	1580	20	490	3.5	n/a	n/a
QCTN	2014/11/11	2530	30	720	3.5	n/a	n/a
QCTN	2015/02/10	2440	40	720	3.5	n/a	n/a
QGAS	2014/11/11	8650	550	2650	3.5	n/a	n/a
QGAS	2015/02/10	8760	560	2660	3.5	n/a	n/a
QGLD	2014/11/11	6160	460	1840	3.5	400	n/a
QGLD	2015/02/10	6170	470	1850	3.5	400	n/a
QHEA	2014/11/11	7680	280	2290	3.5	n/a	n/a
QHEA	2015/02/10	7680	280	2290	3.5	n/a	n/a

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QNAT	2014/11/11	4380	220	1330	3.5	n/a	n/a
QNAT	2015/02/10	4380	220	1330	3.5	n/a	n/a
QPLD	2014/11/11	5170	770	1540	3.5	n/a	n/a
QPLD	2015/02/10	5180	780	1540	3.5	n/a	n/a
QPLT	2014/11/11	8570	1370	2610	3.5	400	n/a
QPLT	2015/02/10	8570	1370	2610	3.5	400	n/a
QSIL	2014/11/11	7450	150	2250	3.5	n/a	n/a
QSIL	2015/02/10	7460	160	2250	3.5	n/a	n/a
QSUG	2015/02/10	1810	210	560	3.5	n/a	n/a
QSUG	2015/05/12	1820	220	570	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