

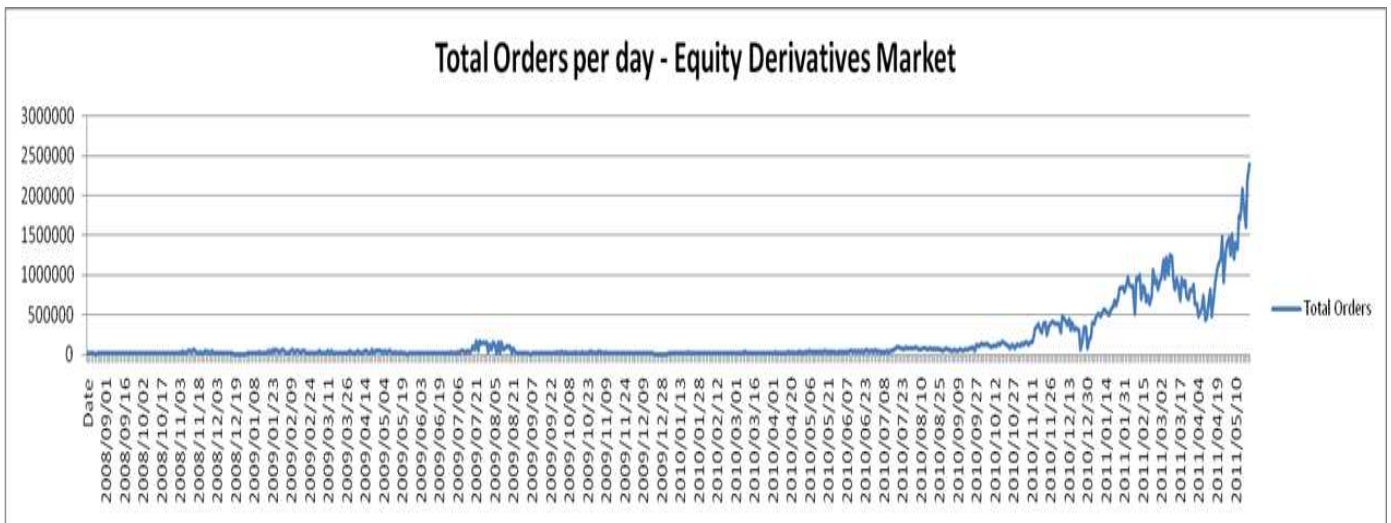
Market Notice

Number: F4765A
Date 25 May 2011

Revised Bandwidth and PC Requirements for the JSE Equity Derivatives Market

The JSE's efforts to move the Equity Derivatives Market (EDM) to transparent on-screen trading have been increasingly successful this year and have begun to show the desired outcomes. Since the introduction of the maker-taker billing model and the implementation of minimum sizes allowable for reported trades we have seen rapid growth in the number of liquidity providers and on-screen trade. Thanks to multiple liquidity providers, the central order book now features live tight two way prices in Index Futures and Options, Single Stock Futures and Options, Dividend Neutral contracts and spread contracts. This is a vast improvement from having only the ALSI trading on-screen. This move has allowed a significant increase in the potential for algorithmic trading and market making which is in line with international trends.

As a result of this new way of trading the JSE has seen an exponential growth in the amount of orders being received by the EDM trading engine as depicted by the orders per day graph below. On average, the total number of orders being processed by the Equity derivatives trading engine are just over 2 million per day.



On average, approximately 50 orders per second are now being processed on any given day. Although we are averaging approximately 50 orders per second, daily, there are times when the Exchange is seeing peaks of approximately 350 orders per second. These peaks can be seen when activity in the underlying markets have increased, when International markets open during the afternoon and when market makers activate their algorithmic trading systems.



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In order for market participants connecting to the NUTRON trading systems to handle the increase in market orders and market activity, the JSE would like to make a few suggestions:

- Users should configure their front end to only 'listen' for updates on the instruments they are interested in viewing and trading on. Nutron will only send data for contracts that have open windows on your display.
- Users who wish to use any algorithmic or auto-quoting software/functionality would need to cater for sufficient bandwidth.
- Participants should upgrade bandwidth and/or PC requirements as required if any slowness or disconnects from the Exchange are being experienced.

Due to all the growth taking place on the market, the JSE is proposing updating the minimum requirements in terms of bandwidth, PC specifications and Operating Systems for the **Equity Derivatives Market** as follows:

- Minimum bandwidth of 180k per user connection to EDM. This figure will increase further as more market making activity expected.
- Quad Core CPU for user workstations recommended with 4 GB of RAM
- Windows 7 now fully supported for the NUTRON front end

N.B.: The new version of the Derivative Connectivity document is 2.17 and was released on 23 May 2011 and is attached to this notice.

Although the JSE is making the above suggestions to upgrade, it is at this point not yet mandatory. The JSE would however like to encourage all users to upgrade to these latest specifications in order to experience uninterrupted and problem-free trading. Please direct any queries you may have to derivative_info@jse.co.za

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