



## MARKET NOTICE

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**Subject:** New Billing Model for Currency Derivatives: Effective 1<sup>st</sup> July 2014

Dear JSE Stakeholder,

The Currency Derivatives Market will be implementing a new fee structure for the Currency Futures and Currency Options market. These changes will be effective from **Tuesday, the 1<sup>st</sup> July 2014**.

The changes are as follows:

- **Currency Futures Sliding Scale:**  
Reduce the Currency Futures sliding scale fee per contract
- **Currency Options and Can Do Sliding Scale:**  
Reduce the Currency Options and Can Do sliding scale fee per contract.
- **Cap on fees:**  
Increase the cap on trading fees.
- **Rebate model:**  
Change the Rebate model from Nominal Value based to Contracts based
- **Intra Day Trades:**  
Removal of the automation of zero fees for Intra Day Trades

### Currency Futures and Currency Maxi Futures Sliding Scale:

A concerted analysis has been done, and the fee per contract has been reduced for each band as per the table below:

#### Currency Futures:

Currency Futures		Current	Proposed	%	Difference		
	Band	Per Contract	Per Contract	% trades per band	Rand	%	Direction
	499	R 1.23	R 1.22	6.2%	R 0.01	1%	↓
	999	R 1.18	R 1.17	7.4%	R 0.01	1%	↓
	2999	R 1.07	R 1.06	10.7%	R 0.01	1%	↓
	4999	R 1.01	R 1.00	5.8%	R 0.01	1%	↓
	7499	R 0.92	R 0.91	9.2%	R 0.01	1%	↓
	9999	R 0.57	R 0.56	4.0%	R 0.01	2%	↓
	Above	R 0.35	R 0.34	56.7%	R 0.01	3%	↓
	Cap	R 39 900.00	R 45 000.00		R -5 100.00	-13%	↑

#### Currency Maxi Futures:

USD/ZAR Maxi Contract Futures		Current	Proposed	%	Difference		
	Band	Per Contract	Per Contract	% trades per band	Rand	%	Direction
	4	R 123	R 122	1.1%	R 1.00	1%	↓
	9	R 118	R 117	8.3%	R 1.00	1%	↓
	29	R 107	R 106	8.4%	R 1.00	1%	↓
	49	R 101	R 100	6.8%	R 1.00	-1%	↓
	74	R 92	R 91	5.0%	R 1.00	1%	↓
	99	R 57	R 56	3.4%	R 1.00	2%	↓
	Above	R 35	R 34	66.9%	R 1.00	3%	↓
	Cap	R 39 900.00	R 45 000.00		R -5 100.00	3%	↑

- The cap has been increased from R 39,900.00 to R 45,000.00.
- Overall, the decrease in fees equates to R0.01 in each band and the equivalent R 1.00 in each Maxi contract band.
- **No JSE members are negatively impacted by the new billing model.**

**Currency Options, Currency Maxi Options and Can Do's Sliding Scale:**

Currency Options and Can Do contracts:

Currency Options and Can Do		Current	Proposed	%	Difference		
	Band	Per Contract	Per Contract	% trades per band	Rand	%	Direction
	499	R 0.62	R 0.61	6.2%	R 0.01	1%	↓
	999	R 0.59	R 0.59	7.4%	R 0.01	1%	↓
	2999	R 0.54	R 0.53	10.7%	R 0.01	1%	↓
	4999	R 0.51	R 0.50	5.8%	R 0.01	1%	↓
	7499	R 0.46	R 0.46	9.2%	R 0.01	1%	↓
	9999	R 0.29	R 0.28	4.0%	R 0.01	2%	↓
	Above	R 0.18	R 0.17	56.7%	R 0.01	3%	↓
	Cap	R 39 900.00	R 45 000.00		R -5 100.00	-13%	↑

Currency Maxi Options:

USD/ZAR Maxi Contract Options		Current	Proposed	%	Difference		
	Band	Per Contract	Per Contract	% trades per band	Rand	%	Direction
	4	R 62.00	R 61.00	1.1%	R 1.00	2%	↓
	9	R 59.00	R 59.00	8.3%	R 0.00	0%	↓
	29	R 54.00	R 53.00	8.4%	R 1.00	2%	↓
	49	R 51.00	R 50.00	6.8%	R 1.00	2%	↓
	74	R 46.00	R 46.00	5.0%	R 0.00	0%	↓
	99	R 29.00	R 28.00	3.4%	R 1.00	3%	↓
	Above	R 18.00	R 17.00	66.9%	R 1.00	6%	↓
	Cap	R 39 900.00	R 45 000.00		R 5 100.00	-13%	↑

- Note: The minimum fee of R 1,000.00 for Can Do trades will remain.
- The cap has been increased from R 39,900.00 to R 45,000.00.
- Overall, the decrease in fees equates to R0.01 in each band and the equivalent R 1.00 in each Maxi contract band.
- **No JSE members are negatively impacted by the new billing model.**

Based on the past 12 months trading analysis (June 2013 – May 2014), this new fee structure would have further benefited the market from a reduction of fees to the extent of R 530,119.

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### **Rebate Model:**

The rebate model structure has been amended to correct a fundamental misalignment between billing and rebates.

### **Intra Day Trades**

As communicated previously, to encourage same day trading activity, the JSE has committed to applying zero fees to the second leg of all Intra-Day trades. The initial incentive was a manual process and a short while thereafter the JSE automated the zero fee process.

Unfortunately due to a system malfunction, the JSE has been applying zero fees for additional trades that do not qualify as Intra Day trading. This is currently under investigation for correction. Due to this error, a decision has been made to switch off the automatic zero fee process for Intra Day trades and in the interim we request that members contact the JSE via email to request zero fees for any Intra-Day trades.

The member merely needs to send an email to [derivativestrading@jse.co.za](mailto:derivativestrading@jse.co.za) requesting one leg of the trade to have zero fees applied, including the following information in the email for both trade legs:

- Contract details
- Traded price
- Client code
- Quantity
- Exchange reference number

Please note, this email is to be received before 17H00, otherwise the second leg cannot be zero fee'd.

If you have any objections to these fee changes, please provide your objections in writing to [currencies@jse.co.za](mailto:currencies@jse.co.za).

If you have any questions, please also feel free to contact the Currency Derivatives team on [currencies@jse.co.za](mailto:currencies@jse.co.za).