

---

**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: Y1389A  
Date: 01 August 2014

**SUBJECT: NEW MARK TO MARKET VALUATION RULES**

Name and Surname: Bernard Claassens  
Designation: Manager Fixed Income  
Market: Bonds and Financial Derivatives  
Tel: 011 520 7810  
E-mail address: [Bernardc@jse.co.za](mailto:Bernardc@jse.co.za)

Dear JSE Stakeholder

Subsequent to engaging the broader market on fixed income valuations, it was made apparent there are a number of concerns regarding the current valuation process. The attached Fixed Income MTM Rules document is a continuation of the previous Market to Market valuation rules document published in 2006 but includes various changes and enhancements.

The JSE uses a Mark to Market approach to determine the market value of all fixed income instruments. However, in order to determine a market value based on this process, the JSE requires fairly consistent trade or price information in order to apply the rules as set out. With the majority of listed instruments (especially corporate) rarely trading, pre and post trade information is infrequent. As a consequence of this, the new rules look to expand the data set of eligible trades which can affect MTM. Some of the changes (including but not limited to) include using all settlement conventions (previously only T+3) as applicable trades and removing any nominal size cap (previously 50 million).

The new MTM rules as set out in the attached document will be in effect as of 4<sup>th</sup> August 2014.

In addition to the new rules, the JSE has endeavoured to introduce more transparency in the daily MTM valuations files disseminated to the market. The changes will allow investor's sight into whether the pricing of a particular instrument is potentially "stale" by including various new fields (including but not limited to) such as when the instrument was last traded and when it was last revalued.

The new daily MTM files will be disseminated to the market as of the 11 August 2014 in conjunction with the old daily MTM files (via the current dissemination sources).

Please refer to the market data notice pertaining to the new Detailed MTM Report as attached.

Should you have any queries regarding the new MTM rules, feel free to contact the JSE:

Bernard Claassens  
Manager: Fixed Income  
[bernardc@jse.co.za](mailto:bernardc@jse.co.za)

Mikhail Maasdorp  
Fixed Income Specialist  
[mikhailm@jse.co.za](mailto:mikhailm@jse.co.za)  
+27 11 520 7369