



## MARKET NOTICE

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### **SUBJECT: VALUATION OF DEBT INSTRUMENTS LISTED ON THE JSE**

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The recent events surrounding African Bank Limited (ABL) have prompted a number of queries about the current valuation methodology for debt instruments listed on the Johannesburg Stock Exchange (JSE).

The JSE provides mark-to-market (MTM) valuations on a daily basis for all debt instruments listed on the JSE under the Debt Listings Requirements. These valuations are based on a framework and associated processes that have long been agreed with the industry (through the Association of Savings and Investments South Africa and the Banking Association of South Africa) as well as the trading members of the JSE. The underlying principles of this framework are that the value of an instrument is based on market prices as observed through actual trades on the JSE or from firm and executable prices as quoted on publicly displayed venues such as the screens of inter-dealer brokers. In addition, the process excludes trades below R5m in size.

In the event that there is no trade on a given day, the MTM valuation is the last value determined through the MTM process, which in some cases could be a number of days previously.

The agreed framework for determining MTM valuations continues to apply for all debt instruments until further notice. Persons transacting in debt instruments should thus be aware of this MTM valuation methodology before transacting.

The JSE will keep market participants informed of any further developments in respect of any changes to the processes used by the JSE to value debt instruments listed on the JSE.

Should you require any details please contact any of the following;

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