

## MARKET NOTICE

**Number:** 292/2017  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 26 June 2017

**SUBJECT:** MOVING ALL EQUITY MARKET INSTRUMENTS INTO AUCTION DURING FUTURES CLOSE OUT

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As part of the JSE's drive of continuously improving trading and system functionality, the JSE is proposing an enhancement to the behavior of the quarterly Futures Close Out (FCO) process on the JSE Equity Market. The enhancement aims to satisfy client requests for a more consistent, robust and predictable FCO trading methodology.

Every quarter on the third Thursday of the month, JSE Equity Market Derivative instruments expire and are 'closed out' by obtaining the final price from the FCO Auction on the JSE Equity Market. Once the Auction on the JSE Equity Market is completed, the resulting Auction Price is used to ultimately determine the final settlement price of the JSE Equity Derivative Market Instruments.

Currently, only shares that have futures linked to them or instruments that form part of an index traded on the JSE Equity Derivative Market participate in the FCO process. These instruments move into the FCO Auction from 12:00pm onwards.

**The proposal is to move all JSE Equity Market instruments into the 15 minute quarterly FCO Auction at 12:00pm on FCO days. During this period there will be no matching. Once the auction completes all instruments will move back into a continuous trading period and follow the specific trading cycles of the segment.**

**The JSE will implement this methodology for the next FCO date on 21 September 2017 should no major concerns be raised.**

The change will ensure that there is a consistent and predictable methodology on FCO days across all JSE Equity Market instruments. The benefit of the change is that there will be no need for clients to have to identify instruments that will or will not participate in the FCO Auction anymore. Further to this, the consistency across all instruments will

ensure no instruments are excluded from the FCO Auction which forms an integral part of the final futures close out price.

The JSE kindly requests clients to direct any concerns to [CustomerSupport@jse.co.za](mailto:CustomerSupport@jse.co.za) **by close of business 21 July 2017.**

Should you have any queries regarding this notice, please contact [customersupport@jse.co.za](mailto:customersupport@jse.co.za)

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