

FREQUENTLY ASKED QUESTIONS

Risk Management

October 2016

1. For which markets does JSE Clear perform a clearing function?
 - **Equity derivatives market;**
 - **Agricultural derivatives market;**
 - **Interest rates markets and;**
 - **Currency market**

2. What is the minimum contribution to the default fund?

The minimum contribution to the default fund is ZAR 10 million. For further details please see the JSE Clear [Default fund policy](#)¹.

3. How is the default fund contribution for each clearing member determined?

Default fund contributions are determined based on the 3 month average initial margin of each clearing member.

4. How big is the default fund currently?

ZAR 500 million

5. How much does JSE Clear contribute to the default fund?

ZAR 100 million

6. In what form are the clearing member's default fund contributions held?

Overnight call deposits and fixed deposits with commercial banks

7. What methodology does JSE Clear use to calculate margin?

Historical VaR methodology for outright margins and the J-Span methodology for portfolio offsets. See J-Span Technical document for more information.

8. To what level of granularity does JSE Clear calculate margin?

Gross end user account level

9. How often is initial and variation margin called on each portfolio/account?

Once daily

10. What is the current acceptable form of collateral for JSE Clear?

ZAR cash only

11. Where can I find information regarding the default fund replenishment?

[Default fund policy](#)

¹ Further details around the Default Fund are found in the JSE Clear [Default fund policy](#).