

Exchange for Risk (EFR) report only trade type

Exchange for Risk transactions (EFR's) allows market participants to unwind existing over-the counter (OTC) position or to initiate new OTC positions in the futures market. In a nutshell EFR's involve the exchange of OTC positions for future positions. These transactions can be transacted at any time from the inception through to the expiration of the OTC contract.

EFR's are facilitated by the exchange outside the central order book. This means that the transactions will not impact the trading environment. Details of the volumes booked will be communicated with the market via the trading system.

The EFR transactions will only be processed when the following information is provided to the JSE

- the OTC agreed price levels
- tonnages of the transaction
- the benchmark future expiry month

Moreover the exchange will only facilitate an EFR request provided 20 or more contracts (futures or options) will be processed and it will be dependent on the respective clearing members to accept the relevant legs of the transactions.

This type of transaction will only be facilitated when the following conditions are met

- the exchange is comfortable with the details provided with regard to the original over the counter transaction
- the processing time will vary from transaction to transaction and will also depend on the clearing members discretion
- the clearing member for the client or member with whom the positions will be allocated has the discretion to accept or decline the transaction

EFRs may be reported during the trading hours to be processed on the same day provided this is confirmed no later than thirty minutes after close of trading (12:30).

Any further questions or requests to process EFR's can be e-mailed to cdmtrading@jse.co.za