

**INTEGRATED TRADING AND  
CLEARING (ITAC)  
GUIDANCE NOTE ON  
RISK MANAGEMENT FEES**

OCTOBER 2018

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## 1. REVISION HISTORY

Version	Description	Date
1.0	Initial release	17/10/2018

## 2. INTRODUCTION

The purpose of the guidance note is to clarify the risk management fee calculation, associated VAT and rounding.

## 3. RISK FEE

The pricing for post-trade risk management in the Derivatives market as per the [JSE Market Notice 4918 CDM, EDM and IRM – Price changes effective 2018](#) published on 14 February 2018 confirms the rate to be 17 bps (including VAT) with effect from the ITaC project implementation for both Equity Derivatives and Currency Derivatives markets.

The risk fee is calculated and published as follows:

- The pre-VAT risk fee is 14.78 bps (absolute value of 0.001478)
- Risk fee formula = ((Previous day Initial Margin + Previous day Additional Margin) / 365) x 14.78 bps
- The fee calculation is done per Trading Member House account and Member Client account for each calendar day and rounded to 2 decimals
- Non business day's risk fees are calculated on the business day preceding the non-business day/(s) for each day according to the above formula and each day's fee is rounded to 2 decimals
- The member client risk fees and Trading Member House fees are aggregated to Trading Member level on each business day
- VAT is calculated on the aggregated fees at Trading Member level daily at 15%
- The aggregated fees (including VAT) at Trading Member level for each day of the month is summed and exposed on the Daily Account Summary (DAS) messages on the last business day of the month for settlement on the following business day
- The DAS messages on the last business day of the month include total excluding VAT and VAT amount.

Invoice:

- The risk fee will appear on the Clearing Member invoices as Risk Management Fee at month-end
- The invoice date will be the last business day of the month
- VAT of 15% is added to the invoice total (note that the invoice will also contain booking fees).

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