



JOHANNESBURG STOCK EXCHANGE

Interest Rates

INTEREST RATE PRICING STRUCTURE

CONTENT:

1. Introduction
2. Market Regulation
 - a. Bonds (Spot and Repos)
 - b. Derivatives
3. Market Access
 - a. Bonds
 - b. Derivatives
4. Transaction Processing
 - a. Bonds (Spot and Repos)
 - b. Derivatives
 - c. Guarantee Fund
 - d. Strate
5. Listing fees
6. Worked examples – bond market transaction processing



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1. INTRODUCTION

After the JSE's acquisition of BESA on 01 July 2009, there were essentially two trading and operating systems at the JSE, namely Yield-X and BTB. In March 2011, BTB was decommissioned and replaced by "Nutron", an updated rendition of the JSE platform formally known as Yield-X. Along with this move comes a revised rule book and this consolidated version of the interest rate pricing structure.

Bonds (Spot and Repos)

Should a member choose to book report only trades – the member will be required to book the trades on Nutron and will be subject to market regulation fees, market access fees and transaction processing fees. All of these fees are itemized separately. When booking report only trades via the Nutron platform, the member will be subject to the JSE's trading rules stipulated in the revised rulebook.

It is important to note that when booking report only trades – the fee structure has remained unchanged to that which the market is familiar with when transacting on the BTB platform.

Derivatives (Interest Rate)

All derivatives trading in Interest Rate Derivatives will be booked/executed on the Nutron trading platform. The member can choose whether to merely report the trades into the exchange, or to execute the trades on the Central Order Book.

The member will not be subject to market regulation fees, and nor will the member be subject to market access fees when trading derivatives. The interest rate derivative fees are set per contract.

Fees will thus remain the same as what the interest rate derivative market is currently transacting at on the Nutron platform.

Listing fees

The instrument will be listed at the JSE and will be available for trading on the Nutron platform. New listings and issuances will attract a listing fee as per the sliding scale model.

2a. BOND MARKET REGULATION LEVIES

These fees are detailed below and are applicable from 01 August 2009. All fees are exclusive of VAT @ 14%.

MARKET REGULATION – BOND REPORT ONLY TRADING (Nutron)

These fees are applicable to JSE Interest rate members trading in Report Only bonds from 01 January 2009.

Fixed market regulation levy : **R5 000 fixed levy per month per member**

Variable market regulation levy : **15c per million nominal traded, capped at R20 000 per month per member**

Total maximum regulatory levy per month is R25 000.

For the purposes of calculating the variable levy, the 15c per million charge is applied to all bond transactions executed and reported on Nutron. No distinction is made between spot, repo or other trades.

2b. DERIVATIVE MARKET REGULATION LEVIES

All derivatives trading in Interest Rate Derivatives will be executed on the Nutron trading platform.

The member is not subject to market regulation fees when trading derivatives.

3a. BOND MARKET ACCESS FEES

These fees are detailed below and are applicable from 01 August 2009 and already applicable to JSE Interest rate members from 01 January 2009. All fees are exclusive of 14% VAT.

MARKET ACCESS – REPORT ONLY TRADING (Nutron)

R5 000 fixed fee per month per member

All spot and repo Report Only trades will be booked on the Nutron platform.

A fixed monthly market access fee is payable by each member firm registered with the JSE. This fee entitles a member to access and trade any of the spot products and services offered by the JSE Ltd, and is charged irrespective of the products traded or trading volume.

All market access and participation fees exclude Strate transactional costs. Any direct fees relating to Strate for any transactions are passed on from Strate via the JSE to the member concerned, without adding on any additional fees.

3b. DERIVATIVE MARKET ACCESS FEES

All derivatives trading in Interest Rate Derivatives will be executed on the Nutron trading platform. The member can choose whether to merely report the trades into the exchange, or to execute the trades on the Central Order Book.

The member will not be subject to market access fees when trading derivatives on the Nutron platform.

4a. BOND MARKET TRANSACTION PROCESSING FEES

Two cost structures exist in this model due to the two offerings available for booking/trading bonds (spot and repos) at the JSE.

Report only trades will be booked on the Nutron platform and incur the following transaction processing costs:

TRANSACTION PROCESSING – REPORT ONLY TRADING (NUTRON)				
Tier, based on monthly nominal traded / reported		Fixed fee (per trade leg)	SPOT trades (per million nominal)	REPO & other trades (per million nominal)
Min	Max			
0	R5 billion	R10 ⁽¹⁾	Free	Free
> R5 billion	R200 billion ⁽³⁾	R24 ⁽¹⁾	R1.20 ^{(1) (2)}	R0.80 ^{(1) (2)}

(1) Trades with a nominal size of R1 000 000 and smaller are free of both the fixed trade leg fee and variable per million fee

(2) With a maximum limit of R1 500 per trade leg

(3) Monthly nominal traded **above R200 billion** does not incur a fixed fee per trade, and is charged at 30c per million irrespective of trade type (spot or repo)

- (4) Interdealer brokers (IDBs) are only charged on one trade leg per transaction
- (5) If an member trades less than R200bn nominal in a month, but processes more than 5 000 trade legs in that month, they will receive a 50% rebate of the total transaction processing fee due in that month
- (6) An member's transaction processing fees are capped at R180 000 for the month if and when transaction processing fees calculated in accordance with the above model exceed R180 000 in that month

The above transaction processing fee is charged monthly in respect of Report Only bond trades executed and reported to the JSE Ltd on the Nutron platform.

Central Order Book trades will be booked on the Nutron platform and incur the following transaction processing costs:

TRANSACTION PROCESSING – CENTRAL ORDER BOOK (Nutron)				
Based on monthly nominal traded		Fixed fee	SPOT trades (per million nominal)	REPO & other trades
Min	Max			
0	Unlimited	0	R 2.00	R 2.00

- (1) No maximum limit per trade leg.
- (2) All members have the same fee structure in this model.
- (3) An member's transaction processing fees are not capped in this model.
- (4) All fees are exclusive of 14% VAT.

The above transaction processing fees are charged daily in respect of spot bond and repo Central Order Book trades executed on the Nutron platform.

4b. DERIVATIVE MARKET TRANSACTION PROCESSING FEES

Interest rate derivatives will be booked on the Nutron platform.

TRANSACTION PROCESSING – INTEREST RATE DERIVATIVES		
Contract	Nominal	Trading Fee per contract
Bond futures	R 100,000	R 0.66
Index futures	Index level * 10 000	R 6.58
Jibar Future	R 100,000	R 0.22
Options	1 option on 1 future	R 0.66

- (1) Bond futures listed on all liquid government bonds.
- (2) All the above fees are exclusive of 14% VAT.
- (3) Fees incurred irrespective if opening or closing position.
- (4) One option contract is based on one futures contract.
- (5) All members have the same fee structure in this model.
- (6) A member's transaction processing fees are not capped in this model.

4c. GUARANTEE FUND

All new members are required to contribute R5.00 per million (exclusive of 14% VAT) to the guarantee fund for one year with respect to their Report Only bond trades. This applies to Spot, Repo and Other transactions and the one year period commences on the day of the new member's first trade.

4d. STRATE TRANSACTION PROCESSING FEES

The JSE pays Strate settlement fees with for all bond market transactions according to the following table:

STRATE FEES – BOND				
Nominal value traded R'bn	Fee Low (ZAR)	Fee High (ZAR)	Average Cents per Million Rand for high fee (Inclusive of VAT)	Average Cents per Million Rand – for high fee (Exclusive of VAT)
0 to 750	0	424,360	64.50	56.58
750 to 800	424,360	456,290	65.02	57.04
800 to 900	456,290	512,940	64.97	56.99
900 to 1,000	512,940	558,260	63.64	55.83
1,000 to 1,100	558,260	595,340	61.70	54.12
1,100 to 1,200	595,340	627,270	59.59	52.27
1,200 to 1,300	627,270	655,080	57.45	50.39
1,300 to 1,400	655,080	678,770	55.27	48.48
1,400 to 1,500	678,770	698,340	53.07	46.56
1,500 to 1,600	698,340	716,880	51.08	44.81
1,600 to 1,700	716,880	735,420	49.32	43.26
1,700 to 1,800	735,420	752,930	47.69	41.83
1,800 to 1,900	752,930	769,410	46.16	40.50
1,900 to 2,000	769,410	785,890	44.80	39.29
2,000 to 2,100	785,890	801,340	43.50	38.16
2,100 to 2,200	801,340	816,790	42.32	37.13
2,200 to 2,300	816,790	831,210	41.20	36.14
2,300 to 2,400	831,210	845,630	40.17	35.23
2,400 to 2,500	845,630	859,020	39.17	34.36

Each member will be charged R3,000 with regard to their Strate trading fee. The remainder of the fees charged by Strate are divided amongst all members relative to their total nominal traded in any given month. The nominal calculation includes all bond trades regardless of whether they are Spot, Repo or Other trades.

For example, if a member trades 20% of the total nominal of bond trades in a given month. All members will be charged R3,000 and the member in question will be charged an additional 20% of the remaining fee levied to the JSE.

5. LISTING FEES

Debt instruments, including vanilla bonds, note programmes and commercial paper tranches attract initial listing fees at the time of the initial listing on the Interest Rate exchange at the JSE Ltd, and on-going annual fees in order to maintain the listing.

The fees detailed below are applicable from 1 August 2009. All fees are exclusive of 14% VAT.

NEW LISTINGS AND ISSUANCES

All new debt instruments listed, programmes registered, and tranches issued under a programme attract a listing fee as outlined in the table below. These fees are billed in the month in which an instrument is listed.

Nominal Value of Debt Instrument (R)		Fee per new Listed Instrument / Programme (R)	Fee for tranches issued under a programme (per tranche issued) * (R)
Min	Max		
0	250 000 000	5 000	4 500
250 000 000	500 000 000	15 000	4 500
500 000 000	1 000 000 000	25 000	4 500
1 000 000 000	10 000 000 000	35 000	4 500
10 000 000 000	50 000 000 000	45 000	4 500
50 000 000 000	150 000 000 000	55 000	4 500

* The first 20 tranches issued under a programme in a year is billed at R4 500 per tranche. The next twenty tranches is billed at R2 250 per tranche, and all tranches in excess of 40 under a programme in a year at a cost of R450 per tranche.

* The above fees are exclusive of 14% VAT.

ANNUAL FEE ON LISTED DEBT INSTRUMENTS

All instruments in issue, and listed on Nutron, as at 1 January each year (and which instruments are not scheduled for redemption before 31 March of that year) will attract an annual fee for maintaining the instrument listing at the JSE, in accordance with the scale of fees in the table below.

Nominal Value of Debt Instrument (R)		Fixed component (R)	Variable charge (bps on amount in issue)
Min	Max		
0	250 000 000	2 000	0.150
250 000 000	500 000 000	4 000	0.100
500 000 000	1 000 000 000	8 000	0.065
1 000 000 000	10 000 000 000	16 000	0.040
10 000 000 000	50 000 000 000	50 000	0.035
50 000 000 000	150 000 000 000	150 000	0.032

(1) This annual listing fee is charged on 01 January of each year (except those due for redemption before 31 March of that year)

(2) All the above fees are exclusive of 14% VAT.

(3) If the legal entity issuing a bond is already listed either on the JSE Main Board or Alt-X – then the issuer will not be charged the annual listing fees for the debt listing, as the issuer is already paying these fees to the JSE. The issuing company must be exactly the same entity that is listed on the Main Board or Alt-X for the above to apply. This company should have been subject to the listings supervision on the JSE in terms of continuing obligations in order for it not to be charged the Annual Listing Fees twice.

6. WORKED EXAMPLES – BOND MARKET

TRANSACTION PROCESSING FEES

The worked examples in this note are intended to illustrate how the new interest rate transaction processing fees are applied in different scenarios.

Transaction processing fees are charged in respect of all bond trades reported to the JSE and are applicable from August 2009. All fees are exclusive of 14% VAT.

EXAMPLE 1 – REPORT ONLY TRADES (Nutron)

An member firm executes the following bond trades, and reports these to the JSE, in any calendar month

Number of trade legs reported : 1 514
Spot volume : R2 467 000 000
Repo / other volume : R1 345 000 000
No individual trades of R1m or less
No individual trades of R1bn or more

Transaction processing fee calculation

Total value traded in the month = < R5bn (R2.467 + R1.345 = R3.812bn)

Therefore only a trade leg fee applies

Number of trade legs x fixed fee = 1 514 x R10 per trade leg

Transaction processing fee to JSE = R15 140

EXAMPLE 2 – REPORT ONLY TRADES (Nutron)

An member firm executes the following bond trades, and reports these to the JSE in any calendar month

Number of trade legs reported : 3 624
Spot volume : R22 467 000 000
Repo / other volume : R41 345 000 000
No individual trades of R1m or less
No individual trades of R1bn or more

Transaction processing fee calculation

Total value traded in the month = > R5bn but <= R200bn (R22.467 + R41.345 = R63.812bn)

Therefore trade leg and variable fees apply

Number of trade legs x fixed fee = 3 624 x R24 per trade leg
= R86 976

Spot volume x variable fee = R22.467bn x R1.20 per million
= R26 960.40

Repo volume x variable fee = R41.345bn x 0.80c per million
= R33 076

Transaction processing fee to JSE = R147 012.40 (R86 976 + R26 960.40 + R33 076)

EXAMPLE 3 - REPORT ONLY TRADES (Nutron)

An member firm executes the following bond trades, and reports these to JSE, in any calendar month –

Number of trade legs reported : 6 756
Spot volume : R122 467 000 000
Repo / other volume : R74 345 000 000
No individual trades of R1m or less
No individual trades of R1bn or more

Transaction processing fee calculation

Total value traded in the month = > R5bn but <= R200bn (R122.467 + R74.345 = R196.812bn)

More than 5 000 trade legs reported, therefore trade leg and variable fees apply with rebate

Number of trade legs x fixed fee	=	6 756 x R24 per trade leg	
	=	<u>R162 144</u>	
Spot volume x variable fee	=	R122.467bn x R1.20 per million	
	=	<u>R146 960.40</u>	
Repo volume x variable fee	=	R74.345bn x 0.80c per million	
	=	<u>R59 476</u>	
Total	=	R368 580.40	(R162 144 + R146 960.40 + R59 476)
Rebate 50%	=	<u>R184 290.20</u>	
Transaction processing fee to JSE	=	<u>R184 290.20</u>	

EXAMPLE 4

An member firm executes the following bond trades, and reports these to JSE, in any calendar month –

Number of trade legs reported	:	4 756 of which 3 456 were in respect of the first R200bn nominal value reported
Spot volume	:	R122 467 000 000 of which R82 467 000 000 was in respect of the first R200bn nominal reported in the month
Repo / other volume	:	R174 345 000 000 of which R117 533 000 000 was in respect of the first R200bn nominal reported in the month
No individual trades of R1m or less		
No individual trades of R1bn or more		

Transaction processing fee calculation

Total value traded in the month = > R200bn (R122.467 + R174.345 = R296.812bn)

Trade leg and variable fees apply. However, as total volume reported is > R200bn, transaction values and legs are counted by JSE during the month until R200bn nominal threshold is reached. Thereafter, no trade leg fee applies, and all transaction values over R200bn nominal are charged at 30c per million.

In respect of trading volume to R200bn:

Number of trade legs x fixed fee	=	3 456 x R24 per trade leg	
	=	<u>R82 944</u>	
Spot volume x variable fee	=	R82.467bn x R1.20 per million	
	=	<u>R98 960.40</u>	
Repo volume x variable fee	=	R117.533bn x 0.80c per million	
	=	<u>R94 026.40</u>	

In respect of trading volume > R200bn:

Number of trade legs x fixed fee	=	1 300 x NIL per trade leg	
	=	<u>R NIL</u>	

Spot volume x **rebated** variable fee = **R40bn x 0.30c per million**
= **R12 000**

Repo volume x **rebated** variable fee= **R56.812bn x 0.30c per million**
= **R17 043.60**

Transaction processing fee to JSE = **R304 974.40**

ANNUAL LISTING FEES

These worked examples illustrate how annual listings fees are applied in different scenarios.

EXAMPLE 1 – 0 to 250 000 000 ISSUANCE

Issue size	:	230 000 000
Variable charge (basis points)	:	0.15
Fixed component (R)	:	R 2000.00

Calculation of the Variable Component: (Issue size * variable component) / 10000
= (230 000 000 * 0.15) / 10000
= **R 3450.00**

Total Annual Listing Fees: Fixed component + variable component
= R 2000.00 + R 3450.00
= **R 5450.00**

EXAMPLE 2 – 250 000 000 to 500 000 000 ISSUANCE

Issue size	:	450 000 000
Variable charge (basis points)	:	0.10
Fixed component (R)	:	R 4000.00

Calculation of the Variable Component: (Issue size * variable component) / 10000
= (450 000 000 * 0.10) / 10000
= **R 4500.00**

Total Annual Listing Fees: Fixed component + variable component
= R 4000.00 + R 4500.00
= **R 8500.00**