

MARKET NOTICE

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Number: 92/2019
Relates to: ☐ Equity Market
☐ Equity Derivatives
☒ Commodity Derivatives
☐ Interest Rate and Currency Derivatives
Date: 14 March 2019

SUBJECT: COMMITMENT OF TRADERS (COT) REPORT – IMPACT ASSESSMENT BY FSCA

Name and Surname: Raphael Karuaihe
Designation: Head - Commodities

Dear Stakeholder,

You will recall that the JSE, together with a number of market participants and stakeholders in the South African commodities' markets, have expressed their support for the adoption of a regulatory instrument that would mandate the submission of a COT report in the South African market. To recap, the following reporting requirements were proposed:

- Adopt similar reporting categories as per CFTC and mentioned earlier in this request.
- Consider those positions that are greater than 10000 metric tons, or in the case of the maize contract equivalent to 100 futures contracts.
- No minimum number of clients per reporting category, although CFTC has a minimum number of 20 clients in their requirements. The market participants preferred the reporting methodology adopted by Intercontinental Exchange and many energy contracts where regardless of the number of clients per category, no minimum was required for reporting to be published.

It was further agreed that the JSE, as a licensed exchange that has access to trading and other information, was best placed to collate and publish information of transactions concluded on its market.

The JSE however, is only in a position to obtain information from its authorised users and for this reason the FSCA was approached to discuss the possibility of adopting a regulatory instrument that will impose an obligation on all market participants to disclose the requisite information to the FSCA.

The FSCA, in considering this request, has informed us that it is standard practice in its assessment of whether it is appropriate to introduce regulatory instruments to conduct an impact assessment of such an instrument on all affected parties.

We are of the view that we should do everything within our power to assist the FSCA to complete this assessment by providing it with submissions and information that we had received from our authorised users. We therefore request all market participants to provide us with their submissions and views in respect of the proposed reporting obligations. These submissions will assist the FSCA in the exercise of its regulatory duties and responsibilities and may be used by the FSCA to finalise its impact assessment.

Kindly submit your comments at your earliest convenience but no later than 15 April 2019. Let me add that some member firms had submitted their comments when we initially started these conversations and we still have those in our possession. Unless you prefer to update those, there is no need to resubmit.

Should you have any questions regarding the above, please do not hesitate to contact Commodities Team at 011 520 7039 or email commodities@jse.co.za

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