

BOARD NOTICE 155 OF 2009**SECURITIES SERVICES ACT, 2004****PROPOSED AMENDMENTS TO THE RULES OF THE JSE LIMITED**

1. In terms of section 61(5) of the Securities Services Act, 2004 (Act No. 36 of 2004), it is hereby notified that JSE Limited has applied to the Registrar of Securities Services for approval of proposed amendments of its rules, which amendments are set out in the Schedule.
2. In terms of section 61(5) of the said Act, all interested persons who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Securities Services, PO Box 35655, Menlo Park, 0102, or at the following email address: normanm@fsb.co.za, within a period of 14 days from the date of publication of this notice.
3. In terms of section 61(6) of the said Act, I, Dube Tshidi, hereby determine 12 December 2009 as the date on which the rules in the Schedule come into operation. If any objections are received, another commencement date may be determined by notice in the Gazette.

DP TSHIDI
REGISTRAR OF SECURITIES SERVICES

SCHEDULE**PROPOSED AMENDMENTS TO THE DERIVATIVES RULES****General explanatory notes:**

1. Words underlined with a solid line (____) indicate the insertions in the existing rules.
2. Words in bold and in square brackets ([]) indicate omissions from the existing rules.

A. AMENDMENTS TO DERIVATIVES RULES 8.60.3.1 AND 8.60.3.2**8.60.3 Additional margin**

8.60.3.1 A clearing member may require a trading member with whom he has entered into a clearing agreement to deposit with him, with respect to the proprietary position of the trading member or the position of any of the clients of the trading member, an amount of additional margin **[equal to a factor of the initial margin kept by the clearing house with respect to such position as agreed to in writing between the clearing member and the trading member]** as agreed upon between the parties in terms of the clearing agreement.

8.60.3.2 A member may require a resident client to deposit with him, with respect to the resident client's position, an amount of additional margin **[equal to a factor of the initial margin kept by the clearing house, with respect to the said positions, as agreed to in writing between the member and the client]** as agreed upon between the parties in terms of the client agreement.

B. INSERTIONS IN DERIVATIVES RULES 8.90.4 AND 8.90.7

8.90.4 With respect to his proprietary positions, and the positions of his clients, a trading member shall pay to or receive from the clearing member the net amount of -

8.90.4.1 subject to rule 9.20, **[and read together with rule 8.60.3.1,]** the initial margin referred to in rule 8.60.1;

8.90.4.2 the additional margin referred to in rule 8.60.3.1;

- 8.90.4.~~[2]~~³ the variation margin referred to in rule 8.60.2;
 8.90.4.~~[3]~~⁴ any interest payable in terms of rule 8.70.2; and
 8.90.4.~~[4]~~⁵ the fees referred to in rule 8.80.2.

8.90.7 Subject to rule 9.30.1, with respect to his positions a client shall pay to or receive from the trading member with whom he traded to open such positions the net amount of -

- 8.90.7.1 the total of the initial margin referred to in rule 8.60.1 for all its aggregate positions **[read together with rule 8.60.3.2]**: Provided that any amount so due from the resident client shall be off-set against any retained margin referred to in rule 8.60.4;
~~8.90.7.2~~ the additional margin referred to in rule 8.60.3.2;
 8.90.7.~~[2]~~³ the variation margin referred to in rule 8.60.2;
 8.90.7.~~[3]~~⁴ any interest payable in terms of rule 8.70.3; and
 8.90.7.~~[4]~~⁵ the fees referred to in rule 8.80.3.

C. AMENDMENTS TO DERIVATIVES RULES 10.10.1, 10.10.2 AND 10.10.3

10.10 Trading and position limits

- 10.10.1 The clearing house **[shall] may** limit the **[sum of the risk of loss of] aggregate exposure arising from** the proprietary positions of a clearing member, the positions of the clients of the clearing member, the positions of trading members with which **[it] the clearing member** has entered into clearing agreements and the positions of the clients of such trading members in relation to the net financial worth of the clearing member plus his suretyship referred to in rule 4.20.6 in a manner determined by the JSE.
- 10.10.2 The clearing member **[shall] may** limit the **[sum of the risk of loss of] aggregate exposure arising from** the proprietary positions of a trading member and **the positions of the clients of such trading member], and the clearing member shall inform the clearing house of all such limits and any changes thereto].**
- 10.10.3 A clearing member may stipulate a limit to the number of exchange contracts that may constitute a trade by a particular trading member at any one time], and he shall notify the clearing house of such limits and the clearing house shall publish such limits in a notice to all members].

D. AMENDMENTS TO DERIVATIVES RULES 11.10, 11.30 AND 11.40

11.10 Management of funds by the clearing house

- 11.10.1 The clearing house shall separate the margins and other moneys, securities and other corporeal and incorporeal things of any member or client from its own assets and shall manage and invest such margins and other moneys in a manner and subject to such terms and conditions as the JSE shall decide.
- 11.10.1.1 A clearing member may deposit any additional margin kept by him in terms of rule 8.60.3.1 with the clearing house.
- 11.10.1.2 A member may deposit any additional or retained margin kept by him in terms of rule 8.60.3.2 in respect of his resident clients with the clearing house.
- 11.10.2 The clearing house, on behalf of the JSE, shall monthly in arrears, retain an interest consideration as determined by the JSE of not more than 2% per annum on any margins held by it in respect of any position registered in the name of any person during the month.

11.30 Clearing member bank accounts

11.30.1 The provisions of this section 11.30 shall apply in respect of additional margin not deposited by a clearing member with the clearing house.

11.30.2 A clearing member shall at all times keep a separate bank account into which he shall deposit any additional margin kept by him in terms of rule 8.60.3.1 and he shall at all times ensure that the correct amount of additional margin as required by his clearing agreement with the trading member is held in respect of each trading member with which he has entered into a clearing agreement and his records shall at all times reflect the amount of additional margin held in respect of each such trading member.

11.40 Members' bank accounts

11.40.1 The provisions of this section 11.40 shall apply in respect of additional and/or retained margin not deposited by a member with the clearing house.

11.40.2 A member shall keep a separate trust account with a bank into which he shall deposit all additional and retained margin held by him with respect to his resident clients and he shall at all times keep records that shall show the amount held in respect of each client with respect to additional margin and with respect to retained margin and he shall at all times ensure that the correct amount of additional margin as required in terms of the relevant client agreement is held in respect of each client's positions.

11.40.2.1 A member shall keep a separate trust account with a bank into which he shall deposit directly or ensure the direct deposit of all client money either held or received by him with respect to his clients and he shall at all times ensure that the correct amount of additional margin as required in terms of the relevant client agreement is held in respect of each client's positions.

11.40.2.2 Other than in respect of the payment for fees and services rendered, a member shall at all times ensure that there is no deposit or receipt of client funds into his own proprietary account.

PROPOSED AMENDMENTS TO THE YIELD-X RULES**A. AMENDMENTS TO YIELD-X RULES 8.50.5.1 AND 8.50.5.2****8.50.5 Additional margin**

8.50.5.1 A clearing member may require a trading member with whom it has entered into a clearing agreement to deposit with it, with respect to the proprietary position of the trading member or the position of any of the clients of the trading member, an amount of additional margin **[equal to a factor of the initial margin or settlement margin kept by SAFCOM with respect to such position as agreed to in writing between the clearing member and the trading member]** as agreed upon between the parties in terms of the clearing agreement.

8.50.5.2 A trading member may require a resident client to deposit with it, with respect to the resident client's position, an amount of additional margin **[equal to a factor of the initial margin or settlement margin kept by SAFCOM, with respect to the said positions, as agreed to in writing between the trading member and the client]** as agreed upon between the parties in terms of the client agreement.

B. INSERTIONS IN YIELD-X RULES 8.80.4 AND 8.80.7

- 8.80.4 With respect to its proprietary positions and the positions of its clients, a trading member shall pay to or receive from the clearing member the net amount of -
- 8.80.4.1 subject to rule 10.130.2 in respect of non-resident and emigrant clients, **[and read together with rule 8.50.4.1,]** the initial margin, settlement margin and top-up margin referred to in rule 8.50;
- 8.80.4.2 the additional margin referred to in rule 8.50.5.1;
- 8.80.4.[2]3 the variation margin referred to in rule 8.50.3; and
- 8.80.4.[3]4 the trading, clearing and settlement fees referred to in rule 8.70.2.
- 8.80.7 Subject to rule 10.130.1 in respect of non-resident and emigrant clients, with respect to his positions a client shall pay to or receive from the trading member with whom he traded to open such positions the net amount of -
- 8.80.7.1 the total of the initial margin, settlement margin[,] and top-up margin referred to in rule 8.50 **[and additional margin]** for all his aggregate positions: Provided that any amount so due from the resident client shall be off-set against any retained margin referred to in rule 8.50.6;
- 8.80.7.2 the additional margin referred to in rule 8.50.5.2;
- 8.80.7.[2]3 the variation margin referred to in rule 8.50.3; and
- 8.80.7.[3]4 the trading, clearing and settlement fees referred to in rules 8.70.3 and 8.70.4.

C. AMENDMENTS TO YIELD-X RULES 10.10.1, 10.10.2 and 10.10.3**General provisions****10.10 Trading and position limits**

- 10.10.1 SAFCOM **[shall] may** limit the **[sum of the risk of loss of] aggregate exposure arising from** the proprietary positions of a clearing member, the positions of the clients of the clearing member, the positions of trading members with which **[it] the clearing member** has entered into clearing agreements and the positions of the clients of such trading members in relation to the net financial worth of the clearing member plus its suretyship referred to in rule 3.40.7 in a manner determined by the JSE.
- 10.10.2 The clearing member **[shall] may** limit the **[sum of the risk of loss of] aggregate exposure arising from** the proprietary positions of a trading member and the positions of the clients of such trading member[, and the clearing member shall inform SAFCOM of all such limits and any changes thereto].
- 10.10.3 A clearing member may stipulate a limit to the number of futures and option contracts or a nominal value of bonds that may constitute a transaction by a particular trading member at any one time[, **and it shall notify SAFCOM of such limit].**

D. AMENDMENTS TO YIELD-X RULES 10.50, 10.60 and 10.70**10.50 Management of funds by SAFCOM**

- 10.50.1 SAFCOM shall separate the margins and other monies, Yield-X securities and other corporeal and incorporeal things of any clearing member from its own assets and shall manage and invest such margins and other monies in a manner and subject to such terms and conditions as the JSE shall determine.
- 10.50.1.1 A clearing member may deposit any additional margin kept by it in terms of rule 8.50.5.1 with SAFCOM.

10.50.1.2 A trading member may deposit any additional or retained margin kept by it in respect of its resident clients in terms of rule 8.50.5.2 with SAFCOM.

10.50.2 SAFCOM, on behalf of the JSE, shall monthly in arrears, retain an interest consideration as determined by the JSE of not more than 2% per annum on any margins held by it in respect of any position registered in the name of any person during the month.

10.60 Clearing member bank accounts

10.60.1 The provisions of this rule 10.60 shall apply in respect of additional margin not deposited by a clearing member with SAFCOM.

10.60.[1]2 A clearing member shall at all times keep a separate bank account into which it shall deposit any additional margin kept by it.

10.60.[2]3 A clearing member shall at all times ensure that the correct amount of additional margin as required by its clearing agreement with the trading member is held in respect of each trading member with which it has entered into a clearing agreement and its records shall at all times reflect the amount of additional margin held in respect of each such trading member.

10.70 Trading members' bank accounts

10.70.1 The provisions of this rule 10.70 shall apply in respect of additional and/or retained margin not deposited by a member with SAFCOM.

10.70.[1]2 A trading member shall keep a separate trust account with a bank into which it shall deposit directly or ensure the direct deposit of all client money either held or received by it with respect to its resident clients.

10.70.[2]3 A trading member shall at all times keep records that shall show the amount held in respect of each client with respect to additional margin and with respect to retained margin and it shall at all times ensure that the correct amount of additional margin as required in terms of the relevant client agreement is held in respect of each client's positions.