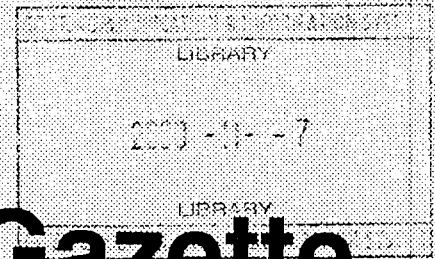


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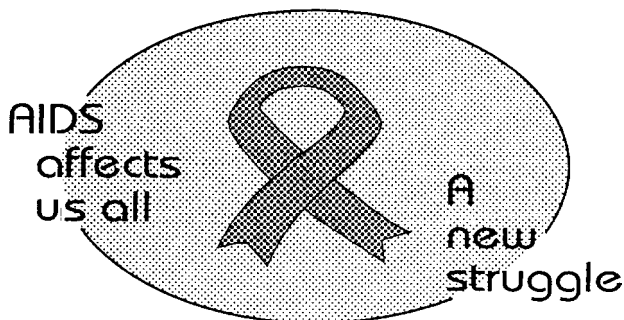
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PRETORIA, 31 OCTOBER 2000
OKTOBER

No. 21702

We can have the power to prevent AIDS



Prevention is the cure

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DEPARTMENT OF HEALTH

B O A R D N O T I C E
R A A D S K E N N I S G E W I N G

B O A R D N O T I C E 91 OF 2000

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A M E N D M E N T O F T H E R U L E S O F T H E J O H A N N E S B U R G S T O C K E X C H A N G E

1. In terms of section 12 (6) of the Stock Exchanges Control Act, 1985(Act No. 1 of 1985), it is hereby notified that the Johannesburg Stock Exchange has applied to the Registrar of Stock Exchanges for the approval to make amendments to its rules, as set forth in the Schedule hereto,
2. In terms of section 12 (7) of the said Act all interested persons (other than members of the Stock Exchange) who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Stock Exchanges, PO Box 35655, Menlo Park, 0102, within a period of 30 days from the date of publication of this notice.

J VAN ROOYEN
Registrar of Stock Exchanges

S C H E D U L E

General explanatory notes

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

A M E N D M E N T S O F T H E R U L E S O F T H E J O H A N N E S B U R G S T O C K E X C H A N G E

1. PROPOSED AMENDMENTS TO SECTION 1- GENERAL

1.10 Name

The name of the Association is the "Johannesburg Stock Exchange" hereinafter referred to as "the JSE".

1.20 Corporate Body

1.20.1 The JSE shall be and continue to be a body corporate constituted separately from its members and shall have perpetual succession and be capable of acquiring rights and duties in law apart from those of its members.

1.20.2 Legal process issued against the JSE shall be validly served if served at the office of the JSE on a senior manager of the JSE.

1.30 Constitution of the JSE [Objects]

1.30.1 The JSE shall have a Constitution, which shall, amongst other things, set out the powers and authority of the JSE.

1.30.2 To the extent that matters are not dealt with in the rules, they shall be dealt with in the Constitution.

1.30.3 To the extent that the Constitution does not conflict with the Act, it shall prevail over the rules and directives.

[The objects of the JSE are.

- 1.30.1 to carry on the business of a stock exchange in the Republic of South Africa and to do all things necessary in terms of the Act to carry on such business and to obtain and maintain a licence to carry on the business;
- 1.30.2 to provide members of the JSE, as an integral part of the administration of the JSE or through a company registered in terms of the Companies Act, 1973, or any replacement Act, with the facilities and services necessary for such members to carry on the business of stockbrokers in an orderly manner and to transact any other business not inconsistent with the rules or the Act;
- 1.30.3 to acquire or retain the ownership of any land or any lease of land and to erect buildings thereon primarily required for the administration of the JSE's affairs, including the housing of members of its staff, and from time to time to alienate any such land or terminate or cede any such lease and to acquire or hire other or further land for like purposes and to let such portion of the buildings in which the business of the JSE is carried on as may not be required for the purpose of the JSE;
- 1.30.4 to provide facilities for the listing of the securities which may be dealt in by members on the JSE;
- 1.30.5 to do all other things which are incidental or conducive to the attainment of the above objects or which are in the interest of members or the public and which are not inconsistent with the provisions of the Act.]
- 1.40 Powers Exercisable by the Board [of the JSE]
- 1.40.1 The management and control of the JSE shall be exercised by the Board which shall be the governing body managing the affairs of the JSE.
- 1.40.2 The Board may, in addition to the powers and authorities expressly conferred upon it by the Act, the Constitution and these rules, exercise all such powers and do all such things as may be exercised or done by the JSE.
- 1.40.3 Without limiting the generality of 1.40.2:
- 1.40.3.1 subject to a superior court's inherent right of judicial review, any decision of the Board on a matter before it shall be final unless and until (in cases where an appeal to that body lies) the Appeal Board established under the Act shall have varied or reversed such decision;
- 1.40.3.2 any action, procedure, directive, instruction or decision of the Board in relation to the administration, management, control, conduct or procedures for the orderly functioning of the JSE as an efficient market for listed products which is in accordance with the provisions and powers contained in the rules shall be binding upon members, their officers, employees, clients and other Parties with whom members are permitted to deal.
- 1.40.3.3 The Board shall also have the power -
- 1.40.3.3.1 to decide on the hours of business of the JSE trading system and subject to the approval of the Registrar, to reduce or extend such hours as circumstances may dictate;

1.40.3.3.2 to close the JSE trading system for trading purposes at any time and for any period. The Board shall cause the Registrar to be advised forthwith of any such closure: and

1.40.3.3.3 to declare, in exceptional circumstances, that a transaction effected by or through the JSE trading system is void. Such a declaration shall bind a member, a client of such member, or a counterpart with whom such transaction was effected.

[1.40.1 The JSE shall be subject to all the provisions of the Act and such provisions shall override any provision in these rules which is inconsistent therewith.

1.40.2 The JSE shall have power-

1.40.2.1 to do all such things and to enter into all such arrangements and contracts as are necessary or desirable to achieve the intentions and objects of the JSE;

1.40.2.2 to make, alter and rescind rules to comply with the provisions of the Act and generally to govern, control, manage and regulate the affairs of the JSE and of its members and without prejudice to the generality thereof -

1.40.2.2.1 the admission of members and the termination of membership and to prescribe the conditions with which a sole proprietor, partnership or corporate entity must comply to become and remain a member of the JSE, and the membership fees and other contributions which must be made to the JSE and the conditions and circumstances under which a member may be suspended and membership terminated;

1.40.2.2.2 the business conduct of members and other persons authorised by the rules to buy and sell securities on the JSE including the brokerage which maybe charged by members;

1.40.2.2.3 the manner in which and the conditions in terms of which members shall deal on the JSE either as principals or on behalf of clients;

1.40.2.2.4 the arrangements which shall be applicable to sole proprietors, partnerships and corporate entities;

1.40.2.2.5 the inclusion of securities in the list of securities which may be traded on the JSE and to prescribe the conditions in terms of which a listing is granted and the listing and revision fees which must be paid in respect of such securities by the issuers of the securities;

1.40.2.2.6 the maintenance of an orderly market for trading in securities;

1.40.2.2.7 the conditions in terms of which members may manage investments on behalf of clients;

- 1.40.2.2.8 the authorisation of members to access the JET system;
- 1.40.2.3 to purchase or acquire, alienate or sell land, buildings, securities and every other kind or description of movable and immovable property;
- 1.40.2.4 to deal with its property and assets;
- 1.40.2.5 to borrow money;
- 1.40.2.6 to open and operate banking accounts and to overdraw such accounts;
- 1.40.2.7 to secure the payment of monies borrowed in any manner including the mortgaging and pledging of property and, without detracting from the generality thereof, in particular by the issue of any kind of debenture or debenture **stock**, with or without security;
- 1.40.2.8 to lend money to any person or company and to guarantee the obligations of any person or company on such terms as it deems fit;
- 1.40.2.9 to invest money in any **manner**;
- 1.40.2.10 to make donations;
- 1.40.2.11 to undertake and execute any **trust**;
- 1.40.2.12 to appoint or dismiss staff and to delegate to persons so appointed specific or general powers and to impose on them the duties which the Committee may from time to time prescribe and to remunerate them out of the funds of the JSE;
- 1.40.2.13 to pay gratuities and pensions and establish pension and provident schemes in respect of its officers and employees;
- 1.40.2.14 to operate an Information Technology Division and to prescribe the fees and charges which members of the JSE and members of the public must pay to the JSE for services rendered and information furnished to them by the Information Technology Division or a member of its staff
- 1.40.2.15 to render to members and the public any other service as the Committee may from time to time determine and to prescribe the fees and charges for such services;
- 1.40.2.16 to vest in the Committee all or any of the powers of the JSE;
- 1.40.2.17 to alter, add to, rescind or suspend any of the rules of the JSE;
- 1.40.2.18 to operate a traded options market and a clearing and settlement system for traded option transactions; to determine the underlying securities and indices for options; to set premium and margin requirements; to promulgate requirements for the regulation of such market and the protection of the JSE; and to do all other things necessary for the operation of such a market;

1,40,2.19 to operate an automated trading system and a clearing and settlement system to facilitate the buying and selling of securities;

1.40,2.20 For the purposes of managing the settlement of transactions in **uncertificated** securities and managing the risk connected therewith, to buy and sell **uncertificated** securities and enter into **uncertificated** securities borrowing and lending arrangements,]

1.41 Advisory Committees

1.41.1 The Board shall procure the appointment of advisory committees.

1.41.2 The function of the advisory committees will be to make recommendations to the executive of the JSE on **operational** issues of **principle** relevant to the JSE.

1.41.3 The **advisory** committees shall consist of -

1.41.3.1 a chairperson, who shall be the JSE executive member responsible for the area in question; and

1.41.3.2 such persons as the chairperson, in consultation with the JSE executive and the Board, shall appoint by reason of their knowledge of or experience in the securities or other relevant markets and which shall include representatives of members.

1.41.4 The **advisory** committees shall make recommendations by reasonable consensus,

1.41.5 In the event that an advisory committee is not able to reach reasonable consensus on any issue considered by it, the conflicting views on the issue in question shall be referred to the JSE executive or, where appropriate, to the Board for determination.

[1s0 Powers Exercisable by the Committee

The management and control of the JSE shall be exercised by the Committee which shall be the governing body managing the affairs of the JSE and which may, in addition to the powers and authorities expressly conferred upon it by the Act and these rules, exercise all such powers and do all such acts and things as may be exercised or done by the JSE, and are not by the Actor these rules expressly directed or required to be exercised or done by the members in general meeting: provided that -

1.50.1 no resolution passed by the members in general meeting shall invalidate any prior act of the Committee;

1.50.2 the Committee shall not, without the authority of a general meeting, be entitled, for and on behalf of the JSE.

1.50.2.1 to borrow money for purposes other than those of the JSE;

1.50.2.2 to invest funds of the JSE other than -

1.50,2.2.1 on deposit with any bank, or other similar financial institution which the Committee may consider suitable;

1.50.2.2.2 in shares, bonds, debentures, notes, rights and options of any kind issued or guaranteed by any company, corporation or undertaking or by any government, trust, authority or other body of whatever nature including stock exchange rights;

1.50.2.2.3 on the security of mortgage bonds over immovable property and participation in such bonds;

1.50.2.3 to issue any guarantee other than in the normal course of the business of the JSE.

1.50.3 If the Committee has reason to believe that the JSE has assets which are surplus to its requirements the Committee may distribute such assets in terms of section 11A of the Act.]

1.50 Rules and Directives

1.50.1 Purpose of the rules and directives

The purpose of the rules and directives is to achieve the objects of the JSE as set out in the Constitution by providing the procedures necessary to establish and regulate fair and efficient markets and to ensure that the business of the JSE is carried out in an orderly manner and with due regard to the interests of the public in general.

1.50.2 Rules and directives are binding

1.50.21 The rules, directives and any decisions or determinations made under the rules now or hereafter in force shall be binding upon all members, officers and their employees.

1.50.22 Members shall ensure that all their employees have entered into a written agreement with such member to comply with the provisions of the Act, the rules and directives and decisions made in terms of these rules.

1.50.2.3 The rules shall be binding on any person utilising the services of a member or who concludes a transaction with a member in the course of that member's business.

1.50.24 The Board shall notify a member or members of a decision of the Board with which such member or members must comply.

1.60 Transactions Subject to Provisions of the Act, Rules, etc.

Notwithstanding anything contained in these rules every transaction in listed products entered into by a member with or on behalf of another member or a member of the public shall be concluded on the specific condition that the transaction is entered into subject to the Provisions of the Act, these rules, the JSE directives and decisions of the Board in force at the time the bargain was struck.

[1.60 Rules Binding on Members

1.60.1 The rules, JSE directives and decisions of the Committee now or hereafter in force shall be binding upon all members.

1.60.2 The Committee shall notify a member or members of a decision of the Committee with which such member or members must comply, For the purpose of this rule a notice posted on the Stock Exchange Notice Board or published in the JSE Gazette and which contains

particulars of such decision shall constitute notification by the Committee to a member or members.]

1.70 interpretation of Rules

The interpretation and enforcement of the rules, JSE directives, listings requirements and decisions of the [Committee] Board shall vest in the [Committee] Board.

1.80 Proposals for Alterations and Additions to Rules

1.80.1 Any member of the Board may propose in writing any alteration or addition to the rules. The proposal shall be lodged with the JSE and shall be submitted to the Board for consideration at its next ordinary meeting.

1.80.2 The Board shall consider the proposed alteration or addition to the rules and notify "members of its" decision in regard thereto.

1.80.3 If, within ten days of the announcement of the Board's decision to adopt the proposal, 10 or more members object to the decision, a ballot of members shall be taken at a meeting of members convened for that purpose, tailed by not less than 14 days notice.

1.80.4 If at such ballot a majority of votes be recorded against the adoption of the Proposal, then the proposal will be deemed to have been rejected.

1.80.5 If a ballot is not demanded or if at such ballot a majority is recorded in favour of any proposal, the Board shall submit the accepted proposal to the Registrar for his approval.

1.90 **[1.80] JSE and Members not Responsible for any Losses**

The JSE and members shall not be responsible or liable to any person for (or in respect of) direct, indirect or consequential liability, **loss** or damage of any kind or nature, howsoever arising, incurred as a result of -

1.90.1 [1.80.1] negligence, on the part of the JSE or on the part of any employee or agent of the JSE;

1.90.2 [1.80.2] any act or omission on the part of any third party;

1.90.3 [1.80.3] incorrect, inaccurate, defective or misleading information furnished or supplied by the JSE or any employee or agent of the JSE or any third party;

1.90.4 [1.80.4] **equipment breakdown or the breakdown, interruption, suspension, termination or failure of or defect** in any system, including but not limited to any trading system or service owned or operated by or on behalf of the JSE;

1.90.5 [1.80.5] computer system malfunction, the interruption or failure of communications links, power **failure**, the failure of or defect in any software or hardware, whether owned by, **licensed** or leased to the JSE, the loss or destruction of any data and any loss or damage caused by **natural disaster, riot, insurrection, acts of vandalism, sabotage or similar cause:** and

1.90.6 [1.80.6] the termination, for any reason whatsoever, of any licence or other agreement to which the JSE is a party.

[1.90 Transactions Subject to Provisions of the Act, Rules, etc.

Notwithstanding anything contained in these rules every transaction in listed products entered into by a member with or on behalf of another member or a member of the public shall be concluded on the specific condition that the transaction is entered into subject to the provisions of the Act, these rules, the JSE directives and decisions of the Committee in force at the time the bargain was struck.]

1.100 Board Members and others Indemnified

1.100.1 Every member of the Board, an advisory committee and every employee of the JSE shall be indemnified by the JSE against all actions, liabilities, costs, charges, losses, damages and expenses which they or any of them may incur or become liable for in respect of any act done, concurred in, or omitted, in or about the execution of their duties in their respective offices and trusts, as a member of the Board or an employee of the JSE, whether in their capacity as a member of the Board, trustee of the Guarantee Fund, director of any company as a representative of the JSE or otherwise, including all such actions, liabilities, costs, charges, losses, damages and expenses which arise as a consequence of any mistake, oversight or omission on the part of such member or employee other than through his gross negligence or wilful breach of duty or trust and it shall be the duty of the Board to pay and discharge all such actions, liabilities, costs, charges, losses, damages and expenses out of the funds of the JSE. For the purposes of this rule such member or employee shall not be regarded as having been grossly negligent or having acted in wilful breach of duty or trust if such apparent negligence or breach was solely or mainly the result of incorrect information supplied to such member or employee by a source from which the Board member or employee would normally accept the information as correct and which can be expected to provide the correct information.

1.100.2 No person mentioned in 1.100.1 shall be answerable for the acts, rights, neglects or defaults of any other such person or of any bankers or other persons with whom monies or effects of the JSE may, subject to the provisions hereof, be or have been lodged or deposited for safe custody, or for joining in any action for the sake of conformity or for the insufficiency or deficiency of any security accepted by the Board or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except as may happen by or through their own wilful breach of duty or breach of trust.

2. PROPOSED AMENDMENTS TO SECTION 2- INTERPRETATIONS AND DEFINITIONS

"authorised person" means a natural person or a corporate body permitted by the broking member (equities) to submit orders, either in their own right as client or as agent for a client, into a Member Trading Application for processing by the member;

"automated order facility" means any program, feature or software, which automates the decision to submit data to the [JET] JSE trading system;

"broking member (equities)" means a Person, including a partnership, admitted as a broking member (equities) in terms of the rules;

"Chief Executive Officer" means the person appointed by the Board as the Chief Executive Officer in terms of the Constitution of the JSE;

"clearing house settlement agent" means a CSM or a CSD participant appointed by an outsourcing member in terms of directive F1;

"compliance officer" means the person appointed by a member in terms of the rules [4.60] to ensure compliance by the member with the provisions of the Act, these rules and directives [and the Constitution];

"Constitution" means the Constitution of the JSE as provided for in 1.30;

"counterpart" means, in any particular transaction, any person buying or selling securities from or to a broking member (equities) either for that person's own account or on behalf of a client;

"custody and settlement agent" means a CSM or CSD participant which has been appointed by a broking member (equities) in terms of Directive FL to exercise custody over that member's managed account, safe custody and controlled account assets and to effect settlement of certificated and uncertificated securities on behalf of that member and its clients;

"CSA" means a custody and settlement [member] agent;

"custody and settlement member" means a member which has been appointed as a custody and settlement member in terms of the rules and, on behalf of its clients and/or another member and that member's clients;

- a) exercises custody over managed accounts, safe custody and controlled account assets; and
- b) effects settlement of certificated and uncertificated securities;

"CSM" means a custody and settlement [agent] member;

"directive" means a directive as referred to in [3.20.2] 1.50.2;

"Guarantee Fund" means the Johannesburg Stock Exchange Guarantee Fund;

"JET Trader Workstation Software" means the software product provided by the JSE for use by members which provides a JET Trader Workstation the functionality necessary to access the [JET] JSE trading system;

"JSE executive" means the [President] Chief Executive Officer and such other officials as the Chief Executive Officer and Chairman [Committee] may from time to time decide;

"JSE right" means a right as defined in article 7 of the Constitution;

"listed products" means products listed by or traded on the JSE;

"member" means [a sole proprietor, partnership or corporate entity (limited or unlimited liability) as the case may be,] an entity admitted to membership of the JSE under the rules;

"Member Trading Application" means any system, software or program (excluding JET Trader Workstation Software) operated by a member which submits data to and receives data from the [JET] JSE trading system;

"product category" means such category or categories of products as may be traded through the JSE as determined by the JSE from time to time;

"registered securities trader" means an employee or sole proprietor, or partner of a broking member (equities), registered with the JSE and who is authorised by such member to enter and execute orders through, and report trades to the [JET] JSE trading system on behalf of such member; and

["the JET system" means the Johannesburg Equities Trading System, a computer system and associated network operated by the JSE in terms of rule 1.40.2.19].

3. PROPOSED AMENDMENTS TO SECTION 3- MEMBERSHIP

Section 3 of the Rules is hereby substituted by the following section:

MEMBERSHIP AND DISCIPLINARY PROCEDURES

3.10 Membership

3.10.1 There shall be such category or categories of membership as the JSE may from time to time determine. The Criteria for membership and the rights, obligations and duties of each class of member are set out in the rules.

3.10.2 In order to qualify for membership, an applicant member must

3.10.2.1 Register, hold and retain such number of JSE rights as the JSE may from time to time prescribe;

3.10.2.2 comply with the general requirements set out in this rule 3; and

3.10.2.3 comply with the specific requirements, set out in the rules, applicable to the relevant category or categories of membership in which the applicant member wishes to be authorised to operate.

3.10.3 The JSE shall keep a register of members and shall in such register indicate:

3.10.3.1 the number of JSE rights held by each such member; and

3.10.3.2 in which category of membership the member has been authorised to operate.

3.10.4 Depending on the type of membership enjoyed by a member, a member may -

3.10.4.1 trade in one or more of the product categories;

3.10.4.2 clear and settle for the JSE in one or more product categories; or

3.10.4.3 otherwise access or utilise the operational services of the JSE.

3.20 General requirements

3.20.1 Members, who are natural persons, and officers of members shall, subject to any waiver

3.20.1.1 be of full legal capacity;

3.20.1.2 comply with such criteria on good character and high business integrity as the JSE deems fit;

3.20.1.3 not be an unrehabilitated insolvent; and

3.20.1.4 not in the period preceding the application to the JSE in its discretion deems fit, have been -

3.20.1.4.1 convicted of activities constituting a criminal offence, whether in South Africa or elsewhere;

3.20.1.4.2 the subject of a formal investigation by any regulatory or government agency;

3.20.1.4.3 expelled, whether as a member or otherwise, from any stock or financial exchange, whether in South Africa or elsewhere;

3.20.1.4.4 employed by or associated with a member of any stock or financial exchange, whether in South Africa or elsewhere, which member was expelled from that exchange and where the person or officer has, in the opinion of the JSE, contributed to the circumstances leading to the expulsion;

- 3.20.1.4.5 declared a defaulter on the JSE or any other stock or financial exchange, whether in South Africa or elsewhere; or
- 3.20.1.4.6 refused entry to or expelled from any profession or vocation or been dismissed or requested to resign from any office or employment, or from any fiduciary office or position of trust,
- 3.20.2 Members who are partnerships shall comprise of two or more partners each of whom shall be a natural person, and who shall comply with the requirements set out in rule 3.20.1.
- 3.20.3 Members who are corporate entities shall-
- 3.20.3.1 not employ, register or permit association with an officer who does not fulfil the requirements of rule 3.20.1 without the prior approval of the JSE; and
- 3.20.3.2 have, in the opinion of the JSE, a good reputation and high business standing.
- 3.20.4 In addition to the requirements set out in this 3.20, members seeking admission within a specific membership category shall comply with any additional requirements applicable to such membership category set out in the rules.
- 3.20.5 Members shall at all times have and maintain the necessary administrative and other systems, facilities, resources and expertise to ensure that –
- 3.20.5.1 the management of their own and clients' funds is adequate and in accordance with the rules relating to the management or separation of funds or otherwise;
- 3.20.5.2 an accurate record of their own and clients' positions is kept at all times;
- 3.20.5.3 their clients' trades, cash balances and any other information relating to their positions are timeously reported to the clients; and
- 3.20.5.4 they comply with all the financial resources requirements pertaining to the relevant category of membership as prescribed in the rules.
- 3.30 **[Reserved]**
- 3.40 Applications for membership**
- 3.40.1 An application for membership shall be made to the JSE in the manner and in the form prescribed by the JSE and shall indicate that the applicant wishes to apply for status as a broking member (equities) or such other category of membership as may be determined by the JSE from time to time.
- 3.40.2 The following provisions shall apply to applicant members who are partnerships:
- 3.40.2.1 applications shall include a signed copy of the deed of partnership and any other information as the JSE may require;
- 3.40.2.2 the JSE shall not grant its consent for the admission of a partnership unless it is satisfied that all the partners are jointly and severally liable for the debts and obligations of the partnership in terms of the provisions of the deed of partnership, which shall comply with the Act, the rules, directives and Board decisions.
- 3.40.3 Applicants who are corporate entities shall include a signed copy of the memorandum and articles of association, a copy of any agreement entered into or proposed to be entered into between the members of the entity relative to the shares thereof and any other information as the JSE may require. The

provisions of this rule shall apply *mutatis mutandis* to the amendment or substitution of the aforementioned document,

- 340.4 Notwithstanding any provision in the rules and directives, the JSE may require the applicant to furnish further information, and may institute any investigation that it deems necessary, to verify information submitted by the applicant in support of an application. Such investigation may include without limitation, a request for the applicant or one or more representatives of the applicant, to be interviewed by the Chief Executive Officer or any person appointed by the JSE for that purpose.
- 3,40.5 The JSE shall have the sole discretion to accept or reject the application, or to accept an application subject to certain conditions to be fulfilled as determined by the JSE from time to time: Provided that the JSE shall reach a decision within 60 (sixty) days of the first meeting at which the application was considered.
- 3.40.6 The JSE shall notify the applicant in writing of its decision and of any conditions that are required to be fulfilled.
- 3.40.7 Any person aggrieved by the decision of the JSE to reject an application, shall have a right of appeal to the Appeal Board in terms of the Act.
- 3.40.8 If an application for membership has been refused, and the applicant did not exercise his right of appeal or if the appeal is unsuccessful, such applicant shall not be entitled to re-apply for membership for a period of 1 (one) year from the date of refusal, or such shorter period as the JSE may determine.
- 3.40.9 Upon approval of the application, the member shall be provisionally approved subject to the acquisition of the necessary JSE rights,
- 3.40,10 The JSE shall not sell or create and issue JSE rights to a provisionally approved member unless, for 14 (fourteen) days immediately prior to requesting the JSE to sell or create and issue a JSE right, the provisionally approved member was unable to purchase such minimum number of JSE rights as prescribed by the rules.
- 3.40,11 The JSE shall sell or issue the required number of JSE rights to the provisionally approved member for immediate payment at a price which is equal to the average price of the last three transactions in JSE rights.
- 3.40.12 The JSE may only sell or create and issue to each provisionally approved member the minimum number of JSE rights required to be held by the member who requires the JSE to issue such JSE rights in terms of the rules.
- 3,40.13 Upon registration of the necessary JSE rights in the name of the member, such member shall -
- 3.40.13.1 obtain membership and the status as a broking member (equities), or such other category of membership as determined by the JSE from time to time, shall be activated; and
- 3.40.13.2 be entitled to the rights enjoyed by JSE rights holders.
- 3.40.14 The JSE shall notify members of the admission of a new member.
- 3.50 **Voluntary changes to, or termination of membership**
- 3.50.1 **A member may apply to terminate its membership by giving the JSE 30 (thirty) days notice**
- 3,50.2 The JSE may accept the termination unconditionally or subject to such conditions as it may deem fit, or may refuse to accept the termination until it is satisfied that all outstanding contractual or other obligations of the member have been satisfied.

3.50.3 Should a member wish to change its membership status or wish to obtain authorisation to operate as a member in another category of membership, the provisions in 3.40 shall apply *mutatis mutandis*.

3.50.4 The JSE shall notify members of the termination of or change in membership, and the termination shall become effective on the date and time of the notice, unless otherwise stated,

3.60 Involuntary termination of membership

3.60.1 Membership may be terminated when -

3.60.1.1 a member which is a natural person, or a partner in the case of a member who is a partnership, dies, or is placed under curatorship, or his estate is sequestered, whether provisionally or finally;

3.60.1.2 a member who is a corporate entity is liquidated or placed under judicial management, whether provisionally or finally;

3.60.1.3 the member compromises or attempts to compromise with his creditors;

3.60.1.4 the member fails to satisfy or to initiate steps to set aside a judgement, award or determination against it within the time periods provided for in the rules of the relevant body;

3.60.1.5 the disciplinary tribunal has decided in terms of 3.300 that membership should be terminated;

3.60.1.6 the member defaults; or

3.60.1.7 a member fails to hold at least one JSE right.

3.60.2 The JSE shall publish the termination in a notice to members, and the termination shall become effective on the date and time of the notice, unless stated otherwise in the notice.

3.70 Duty to furnish information

A member shall forthwith advise the JSE in writing of -

3.70.1 the granting of an application for, or the revocation of, recognition under any statutory enactment or any registration, authorisation or licence which may bear upon or be associated with its business as a member of the JSE;

3.70.2 the commission by or the conviction of the member or any of its officers for any offence under legislation relating to banking, or other financial services, companies, insolvency, insurance and pension and provident societies or of any offence involving fraud or dishonesty;

3.70.3 any person becoming or ceasing to be a director of a corporate member, or a partner of a partnership;

3.70.4 any change in the name or address of any office of the member, and of any change in the member's telex, telephone or facsimile numbers or electronic mailing addresses;

3.70.5 any change in the particulars relating to an officer, and of the event that any officer is found guilty of any improper conduct by any licensed exchange, a previous or current employer, a professional association or a court of law;

3.70.6 any of the circumstances referred to in 3.60.1.1 to 3.60.1.4 arising; or

3.70.7 the dismissal of an employee for committing or attempting to commit an act which is dishonest, fraudulent, dishonorable or disgraceful.

3.80 **Fees, levies and charges**

- 3.80.1 A member which uses the services of the JSE shall pay to the JSE such fees and charges as may be prescribed by the JSE from time to time. "
- 3.80.2 The JSE may prescribe by directive, subscriptions which shall be paid by members. Such subscriptions -
- 3.80.2.1 shall be paid annually in advance during January and shall be in respect of each JSE financial year;
- 3.80.2.2 in respect of a new member, shall be payable from and including the month in which the member is admitted;
- 3.80.2.3 in respect of a member which ceases to be a member, shall not be refunded; and
- 3.80.2.4 in the case of a defaulter, such refund shall be paid to and form part of the member's Stock Exchange Estate.
- 3.80.3 In the event of any change in the amount of subscription payable by a member, such changed subscription shall apply with effect from the date on which the change took place.
- 3.80.4 The JSE may, in addition to the subscriptions, fees and charges prescribed by these rules, from time to time impose upon every member a levy which shall be paid to the JSE or any of its funds on such conditions as the JSE may decide. Such levy maybe recovered from the clients of the member.
- 3.80.5 Any subscription, fee, charge, contribution or levy to be paid or which may be imposed in terms of these rules, shall be paid as determined by the JSE from time to time and any member failing to make such payment when due shall, unless the same be paid within one month after written demand has been made by the JSE, cease to be a member.

3.90 **[Reserved]**

3.100 **Compliance officers**

- 3.100.1 A member shall appoint a compliance officer to ensure compliance by the member with the provisions of the Act, the rules and directives and Board decisions, Such compliance officer, shall have obtained a pass in the compliance officer examination as may be prescribed by the JSE.
- 3.100.2 A compliance officer-
- 3,100,2.1 shall, together with a sole proprietor, partners of a partnership or directors of a company, be fully responsible to the JSE for the actions of the member including its officers and employees and be subject to the disciplinary powers and procedures of the JSE contained in 3.290 to 3.360;
- 3,100,2.2 shall immediately report to the Director Surveillance any apparent breaches by the member of the provisions of the Act, the rules and directives or Board decisions or any other issue considered by the compliance officer to be irregular
- 3,100,2,3 shall, in respect of a company referred to in 4.40 and 4.50 have authority if need be to convene at his discretion a meeting of the board of directors of the company; and

- 3.100.2.4 shall receive all the JSE gazettes and be responsible to ensure that all such gazettes are complied with.
- 3.100.3 The appointment referred to in 3.100.1 shall be made simultaneously with an application to the JSE to be admitted as a member,
- 3.100.4 The compliance officer shall, in the exercise of his duties, be supported by an audit executive committee constituted at least as follows -
- 3.100.4.1 in the case of a sole proprietor, by the sole proprietor, ~~the~~ compliance officer and, if applicable, a senior employee;
- 3.100.4.2 in the case of a partnership, by two of the partners thereof and the compliance officer;
- 3.100.4.3 in the case of a corporate entity (whether unlimited or limited liability) and where such corporate entity has only one director, by the executive director, the compliance officer and, if applicable, a senior employee;
- 3.100.4.4 in the case of a corporate entity (whether unlimited or limited liability) and where such corporate entity has more than one director, by-
- 3.100.4.4.1 two non-executive directors thereof and the compliance officer; or
- 3.100.4.4.2 one non-executive director thereof, one executive director thereof and the compliance officer; or
- 3.100.4.4.3 two executive directors thereof and the compliance officer.
- 3.100.5 A representative of the external auditor of a member and where applicable the internal auditor of the member, and the finance officer of the member, shall attend all meetings of the audit executive committee except where the performance of the external auditor, the internal auditor or the finance officer is being considered in which case the audit executive committee shall decide who shall attend such meeting.
- 3.100.6 The primary functions of the audit executive committee referred to in 3.100.4 shall be to review -
- 3.100.6.1 the financial statements of the member, both interim and annual;
- 3.100.6.2 the accounting policies adopted by the member and any changes made or contemplated thereto; and
- 3.100.6.3 the effectiveness of the annual audit and the internal audit function.
- 3.100.7 Except where the JSE may otherwise direct, a member shall not carry on business for more than two months in any continuous period of twelve months unless such member has appointed a compliance officer in terms of 3.100.1.
- 3.100.8 In the absence of a duly appointed compliance officer or where a compliance officer post has become vacant, the sole proprietor or the senior partner or a senior director (who is a stockbroker) as the case may be, shall temporarily assume the responsibilities of the compliance officer as referred to in 3.100.2, for no longer than two months.

3.110 [Reserved]**3.120 Consent required for employment of certain persons**

- 3.120.1 No member shall without the written consent of the JSE take into or continue in its employment in any capacity in any business carried on by it as a member –
- 3.120.1.1 any sole proprietor, partner, officer or employee of a member expelled from the JSE;
- 3.120.1.2 or any such sole proprietor, or partner whose membership has been terminated by the JSE or any sole proprietor, partners, officer or employee of a member expelled from a clerkship or any person refused admission either as a member of the Institute of Stockbrokers or as a clerk or any person expelled from membership of the Institute, or any person whose clerkship had been suspended or withdrawn by the Board,
- 3.120.1.3 any person refused approval to operate as an investment manager in terms of the Act or admission as a member of the Institute of Stockbrokers;
- 3.120.1.4 any person expelled from membership of the Institute of Stockbrokers;
- 3.120.1.5 any person expelled from membership of any other exchange; or
- 3.120.1.6 any person who is an unrehabilitated insolvent or has been a defaulter or has been convicted of theft, fraud, forgery, or any other crime involving dishonesty.
- 3.120.2 The consent of the JSE may be given for a limited period and maybe withdrawn at any time provided the JSE gives the member one calendar month's notice of its intention to withdraw such consent.
- 3.120.3 For the purposes of this rule, "clerk" or "clerkship" shall mean an unauthorised or an authorised clerk admitted in terms of the rules previously in force.

3.130 Trading name

The JSE shall be entitled to refuse any member approval of membership, should the JSE in its sole discretion deem the name under which the member proposes to operate, to be inappropriate or unacceptable for any reason.

3.140 Notices**3.140.1 Notice to the JSE by members**

Every member shall notify the JSE of a business and postal address, and a secured electronic delivery mechanism address at which that member shall accept the delivery of all notices issued by the JSE in terms of the rules.

3.140.2 Notice to members

- 3.140.2.1 Any notice given by the JSE in terms of the rules and directives shall be in writing.
- 3.140.2.2 A notice may be delivered by means of an electronic delivery mechanism or by hand or by registered post.
- 3.140.2.3 Any notice delivered by the JSE by hand before 16:00 on a business day at the physical address of the member, shall be deemed, unless the contrary is proved, to have been received on the date of delivery.

- 3.140.2.4 Any notice transmitted by an electronic delivery mechanism before 16:00 on a business day, shall be deemed, unless the contrary is proved, to have been received on the date of the transmission.
- 3,140.25 Any notice delivered by the JSE by registered post shall be deemed, unless the contrary is proved, to have been received within seven business days after being dispatched.
- 3.150-3.270 [Resewed]
- 3.275 **Surveillance and investigation by the JSE's Surveillance Department**
- 3.275.1 **Surveillance**
- The JSE's Surveillance Department shall at all times have the power to setup and maintain systems for
- 3.275.1.1 monitoring compliance by members with the provisions of the Act, the rules, directives and Board decisions and any arrangements made with a clearing house for the provision of services and facilities; and
- 3.275.1.2 the surveillance of any matter relevant for the purposes of the Act and these rules.
- 3.275.2 **Investigation**
- 3.275.2.1 **The Director Surveillance, and any other** person designated by him, shall at all times have the power to:
- 3.275 .2.1.1 investigate any JSE related activities of any person who at the relevant time was a member or a partner, employee or officer of a member;
- 3.275 .2.1.2 investigate whether that member or any of its employees complies with all the provisions of the Act, these rules, JSE directives and Board decisions;
- 3.275 .2.1.3 investigate whether the member is trading in such a manner that there is a danger that such member may not be able to meet its commitments to clients, other members or a settlement system;
- 3.275.2.1.4 investigate whether such member is conducting its business in a manner which could be detrimental to the interest, good name or welfare of the JSE or its members; and
- 3.275.2.1.5 require any person who is subject to the jurisdiction of the JSE and who is believed to be able to furnish any information on the subject of any investigation or to have in his or her possession or under his or her control any book, document, tape or electronic record or other object which has a bearing on the subject of the investigation, to produce such book, document, tape or electronic record or other object to appear at a time and place specified, to be questioned by any of the abovementioned persons, to furnish such information or to produce such book, document, tape, electronic record or other object, provided that the subject of the investigation has first been put to such person. Such person may, if he or she is not a sole proprietor or an executive director or senior partner of a member, request to be assisted by the sole proprietor or by an executive director or senior partner of the member by which the person is employed.
- 3.275.2.2 The Director Surveillance may delegate the power granted to him in terms of 3.275.2.1 to any member of his staff,

3.275,3 Referral to another authority

Should the JSE's Surveillance Department become aware of any possible contravention of law by a person over whom the JSE does not have jurisdiction, the JSE's Surveillance Department shall be entitled to refer such matter to the appropriate authority or authorities, whether outside or within the Republic of South Africa.

3.280 Use of information obtained by the JSE's Surveillance Department

Any information, document, book, tape or electronic record or other object obtained by the JSE's Surveillance Department, whether by investigation or otherwise, may be used in evidence in any disciplinary proceedings contemplated in rule 3,290 below and maybe furnished by the JSE's Surveillance Department to any other body which may have jurisdiction over the matter under consideration, whether outside or within the Republic of South Africa.

3.290 Disciplinary procedures

3.290,1 Conclusion of investigation

On conclusion of any investigation in terms of rule 3,275 and if, after having considered all the relevant information in his possession, the Director: Surveillance is of the opinion that there are grounds for an allegation of improper conduct, the Director: Surveillance may:

3.290.1.1 refer the matter for determination to a Disciplinary Committee; or

3.290.1.2 if he considers that the alleged conduct is so serious that it might warrant the imposition of a fine in excess of the amount referred to in 3.290.2.4 or suspension or termination of membership or employment with a member, prefer a formal charge against such person ("the respondent") setting out a brief statement of facts constituting the alleged offence. Such charge shall be referred to a disciplinary tribunal ("a Tribunal"), to be heard in terms of these rules. Such charge may further, in the discretion of the Director: Surveillance, make provision for an admission of guilt.

3.290.2 Disciplinary Committee

3.290.2.1 The Chairman may from time to time appoint one or more Disciplinary Committees. Each Disciplinary Committee shall consist of three persons, as follows: any one of the Chairman or a Deputy Chairman or the Chief Executive Officer or acting Chief Executive Officer of the JSE, and at least two practicing members of the Institute. The Chairman, Deputy Chairman, Chief Executive Officer or acting Chief Executive Officer who is a member of the Disciplinary Committee shall be the chairman. A Disciplinary Committee shall have the right at any time to co-opt additional members, whether members of the Institute or not, whenever it deems such additional appointments to be necessary and appropriate.

3.290,2.2 A Disciplinary Committee may, subject to the provisions of rule 3.290,2.3:

3.290.2.2.1 issue instructions to the person whose conduct or omission is under consideration concerning action which must be taken, or not be taken, to remedy the matter referred to the Disciplinary Committee;

2.290 .2,2,2 warn, reprimand, censure or, subject to the provisions of rule 3.290,2.4, impose a fine (with or without ordering that a contribution be made towards the JSE's costs) on any person who has, in the reasonable opinion of the Disciplinary Committee, been guilty of improper conduct;

- 3.290 .2.2.3 in relation to a partner, officer or employee of a member, direct the member to **conduct a disciplinary enquiry into the acts or omissions of such person;**
- 3.290.2.2.4 direct a member to ensure that any sanction imposed on a partner, officer or employee of that member is complied with by such partner, officer or employee;
- 3.290 .2.2.5 direct a member to prevent or relieve a partner or officer or employee of that member from **carrying out any specified activity, function or duty for such reasonable period as the Disciplinary Committee deems appropriate; and/or**
- 3.290 .2.2.6 if at any stage it determines that the matter referred to it is sufficiently serious to be heard by a Tribunal, stop the proceedings, and refer ~~the~~ matter to a Tribunal.
- 3.290.2.3 **A Disciplinary Committee may not impose any penalty contemplated in rule 3.290,2 unless:**
- 3.290.2.3.1 the alleged improper conduct has first been put to the person who is alleged to have committed it. If such person is a sole proprietor, partnership or corporate member, the alleged improper conduct shall **be put to the sole proprietor or to the executive director or senior partner as the case may be or otherwise to a duly authorised employee of the member; and**
- 3.290 .2.3.2 **such person** has been given an opportunity (orally or in writing) of explaining his or her conduct after being warned that any explanation furnished pursuant to these rules may be used in evidence against him or her.
- 3.290.2.4 No time imposed by a Disciplinary Committee may exceed R25 000 per contravention, or such other amount as the JSE may determine by directive from time to time. A Disciplinary Committee may direct that any action taken in terms of rule 3.290.2 be published in a JSE Gazette and/or in the media.
- 3.290.2.5 Any **person** in respect of whom a Disciplinary Committee has imposed a reprimand, censure, or **fine** (but not a warning) shall have the "right to demand, within a period of three days after the imposition of such reprimand, censure, or fine, that the matter shall be heard de novo by a Tribunal. The Tribunal shall, if it finds the person **guilty** of the **conduct** which forms the subject of the charge, be entitled to impose a penalty more severe than that imposed by the Disciplinary Committee.

3.290.3 Preferring charges to be heard by a Tribunal

- 3.290.3.1 **Where the Director: Surveillance has preferred a formal charge against a respondent, the charge sheet shall, in addition to the matters listed in rule 3.290.1.2, be in a form prescribed by the Director Surveillance, be signed by the Director Surveillance or his Deputy, and be served on the respondent in such manner as the Director: Surveillance may determine.**
- 3.290.3.2 Where the Director: Surveillance has decided to make provision for an admission of guilt, he shall stipulate:
- 3.290 .3.2.1 the amount of the fine payable pursuant to the admission of guilt and any required contribution towards the JSE's costs as well as the period within which such amounts must be paid. In determining the amount of such fine and where the person has benefited financially as a **result** of the alleged transgression, the Director: Surveillance shall take such benefit into consideration. The admission of guilt may, in particular, provide for the time to be suspended for a period;

- 3.290 .3.2.2 the manner and time in which the admission of guilt may be made, which time shall not be a period in excess of 50 business days from the date on which the charge sheet is served on the respondent and
- 3.290 .3.2.3 whether the terms of the admission of guilt should be published in a JSE Gazette and/or in the media.
- 3.290.3 A respondent
- 3.290.3.3.1 may, if the respondent is given an opportunity to sign an admission of guilt, admit guilt to such charges within the period set out in the charge sheet; or
- 3.290 .3.3.2 may within **20 business days after receipt** of the charge sheet request particulars to the charges, to which the Director Surveillance shall be obliged to respond within 20 business days after receipt of such **request**; and
- 3.290 .3.3.3 shall, if no admission of guilt is tendered by the Director: Surveillance or if the respondent decides not to admit guilt to the charges, file a defence to such charges on or before 50 business days after the date on which the charge sheet was served on the respondent or within 20 days after the date on which the JSE has responded to the request for further particulars, whichever is later.
- 3.290.3.4 Thereafter the chairman of the Tribunal shall determine the date on which the charges shall be heard, which date shall not without good reason be later than six months after the charge sheet was served on the respondent.
- 3.290.3.5 No extension of the time periods set out in rule 3.290.3, including the date for the hearing of the charges shall be allowed without good reason. Furthermore no such extension shall be allowed unless the consent of the chairman of the Tribunal is obtained.
- 3.290.4 **Tribunal**
- 3.290.4.1 The Chairman may from time to time appoint one or more Tribunals each comprised of three members.
- 3.290.4.2 The members of a Tribunal shall be:
- 3.290.4.2.1 a retired judge, or a practicing or retired senior counsel, or a practicing or retired attorney with not less than fifteen years experience, Such person shall act as chairman of the Tribunal;
- 3.290.4.2.2 a professional person appointed by reason of that person's knowledge of financial services as it relates to the matter under consideration; and
- 3.290.4.2.3 a person appointed by reason of that person's knowledge and experience of stockbroking.
- 3.295 **Procedure and evidence - disciplinary matters**
- 3.295.1 **Any charges** preferred shall be decided on a balance of probabilities.
- 3.295.2 In a hearing before a Tribunal:
- 3.295.2.1 the chairman of the Tribunal shall decide all matters of law which may arise during the **hearing**, and whether any **matter** constitutes a question of law or a question of fact, but **all three members** of the Tribunal shall by a simple majority decide all other matters arising during the hearing;

- 3.295.2.2 the chairman of the Tribunal shall determine the procedure which the Tribunal shall follow both in respect of preliminary **issues and in respect of the hearing itself, subject to these rules** and to the principles of natural justice;
- 3.295.2.3 **the JSE may instruct attorneys or counsel to prefer and prosecute the charges on behalf of the JSE, or the charges maybe prosecuted** by an employee of the JSE; and
- 3.295.2.4 the respondent shall be entitled to be legally represented at the respondent's own cost and shall, where the respondent is not a sole proprietor or an executive director or senior partner of a member firm, be entitled to be assisted by an executive director or senior partner of the member by which the respondent is employed,
- 3.295.3 Should a respondent without good cause fail to attend a hearing before a Tribunal at the time and place stated in the charge sheet, the Tribunal shall be entitled to proceed with its consideration of the charge in the absence of the respondent,
- 3.295.4 If, at any stage during a hearing before the Disciplinary Committee or a Tribunal, one or more of the members of the body hearing the matter dies or retires or becomes otherwise incapable of acting or is absent, the hearing shall, where the remaining members constitute a majority of the body before whom the hearing was **commenced, proceed before** such remaining members and, provided that the remaining members are in agreement, their finding shall be the finding of the body concerned, In any other case, the matter shall be heard de novo.
- 3.295.5 If a Tribunal finds a respondent guilty of an **offence**, the Tribunal shall have the powers set out in and shall apply **rule 3.300**.
- 3.295.6 **If the proceedings before a Disciplinary Committee or a Tribunal are recorded, any person charged shall be entitled to be supplied with a record of the hearing** of such charges, and any person who has made oral representations shall be entitled to be supplied with a record of that portion of the proceedings which related to that person's oral representations.
- 3.295.7 The JSE shall be entitled to make available to the Institute such documents, including extracts from meetings, verbatim records of proceedings and exhibits, as are presented at any disciplinary hearing against a stockbroker or former stockbroker.
- 3.295.8 Whenever the Institute or any committee of the Institute investigates or deals with any complaint against a stockbroker or former stockbroker and finds such person guilty on one or more of the charges laid against such person:
- 3.295.8.1 the JSE's Surveillance Department is authorised at any time at the expense of the JSE to apply to and obtain from the Institute a copy of the relevant extracts from the minutes of meetings of the Institute and its committees and the verbatim record of any proceedings at enquiries or hearings in respect of such complaint, as well as copies of any relevant documents, including correspondence, and, where applicable and practicable, exhibits tabled at such enquiries or hearings. All of the documents so made available to the JSE shall be retained by the JSE's Surveillance Department for its own purposes; and
- 3.295.8.2 the Director: Surveillance shall be entitled to consider and **take** cognizance of such documents for the purpose of initiating, investigating or adjudicating on any complaint against the stockbroker or former stockbroker or any member of the JSE with which such stockbroker or former stockbroker was in any way associated and all such documents may be admitted in any proceedings under these rules as if the facts stated therein had been led as evidence in the proceedings in terms of these rules.

3.300 DISCIPLINARY MATTERS - PENALTIES

3.300.1 When any person has been found guilty of improper conduct by a Tribunal pursuant to these rules, the Tribunal:

3.300.1.1 may by a simple majority warn or impose a reprimand, censure or fine upon the respondent, which fine shall in respect of each contravention not exceed R1 million, or such other amount as may be stipulated in the Act or in any regulations promulgated in terms of the Act;

3.300.1.2 shall in determining an appropriate penalty take into account:

3.300.1.2.1 any previous conviction in terms of the rules of the JSE, the by-laws of the Institute or in a court of law;

3.300.1.2.2 the harm or prejudice which is caused by the offence;

3.300.1.2.3 any other aggravating, mitigating or extenuating circumstances; and

3.300.1.2.4 where it is possible that the membership of the respondent may be terminated, the representations of such person in this regard;

3.300.1.3 may by a simple majority, on such conditions as the Tribunal may deem fit, suspend or terminate the membership of a member who has been found guilty of improper conduct or in the case of a partner or an officer or employee of a member, require such member to hold a disciplinary enquiry to consider terminating or suspending the employment of such person;

3.300.1.4 may direct a member to ensure that any sanction imposed by the Tribunal on a partner, officer or employee of that member is complied with by such partner, officer or employee;

3.300.1.5 may make a fair and reasonable order as to costs; and

3.300.1.6 may order that particulars of the offence and/or finding of the Tribunal and/or the penalty imposed be published in a JSE Gazette and/or in the media, provided that if publication is ordered, the respondent shall be given an opportunity to make representations to the Tribunal in this regard.

3.300.2 A Tribunal may impose any one or more of the penalties referred to in 3.300.1.

3.300.3 Any penalty or part thereof may be suspended on such conditions as the Tribunal may determine.

3.300.4 Should a member or a partner, officer or employee of a member fail to pay any fine imposed by a Disciplinary Committee or a Tribunal, within 7 days after being informed of the amount of the fine, the JSE shall have the right, after serving notice of not less than 3 days on such person, to:

3.300.4.1 recover such fine from such member, partner, officer or employee, as the case may be, in a court of competent jurisdiction;

3.300.4.2 terminate or suspend (on such conditions as the JSE may deem fit) the membership of such member, or in the case of a partner, officer or employee of a member, require such member to hold a disciplinary enquiry to consider terminating or suspending the employment of such person; and/or

3.300.4.3 direct a member to prevent or relieve a partner or officer or employee of that member from carrying out any specified activity, function or duty for such reasonable period as the JSE deems appropriate.

- 3.300.5 The amount of any fine paid to the JSE pursuant to these rules shall be paid into the Guarantee Fund. Any costs paid to the JSE pursuant to an award made by a Disciplinary Committee or a Tribunal shall be paid into the general funds of the JSE.
- 3.300.6 A Tribunal may, upon good cause shown and subject to such conditions as the Tribunal may impose, vary or modify any penalty which it may have previously imposed on any person provided that in modifying or varying such penalty, the Tribunal shall under no circumstances increase such penalty,
- 3.300.7 [Resewed]
- 3.300.8 Should any termination of the membership of a member be suspended as a result of an appeal being lodged in terms of the Act, such suspension may be made subject to such conditions as the JSE may determine. Any member whose membership has been terminated and who lodges an appeal in terms of the Act shall simultaneously inform the Director: Surveillance that an appeal has been lodged.
- 3.300.9 Rules 8.50 to 8.100 (inclusive) shall apply to a member whose membership has been terminated in the same manner as if such member was a defaulter,

3.305 URGENT ISSUES

- 3.305.1 In order to ensure that the business of the JSE is carried on with due regard to the public interest, the Chairman may from time to time appoint one or more Urgent Issues Committees. The Chief Executive Officer or the acting Chief Executive Officer, the Chairman and/or a Deputy Chairman of the JSE and at least two other members of the Board shall constitute an Urgent Issues Committee.
- 3.305.2 An Urgent Issues Committee shall consider whether a member is operating in such a manner that there is imminent danger that such member may be unable to meet its commitments to clients, counterparties, other members or to a settlement system of the JSE or any other exchange, or that it is conducting business in a manner which could be directly detrimental to the interests of the JSE or to the interests of the members of the JSE and the public,
- 3.305.3 If an Urgent Issues Committee resolves by a two-thirds majority that an investigation into the affairs of a member in terms of these rules has revealed that the member is operating in such a manner that there is such imminent danger as is referred to in rule 3.305.2, the Urgent Issues Committee may call upon senior representatives of the member to attend a meeting of the Urgent Issues Committee, which meeting may be called on not less than one business notice, to hear the concerns of the Urgent Issues Committee and to discuss how such concerns may be resolved.
- 3.305.4 With the agreement of the member concerned or, should the outcome of such meeting fail to satisfy the Urgent Issues Committee with regard to the above, the Urgent Issues Committee may by a two-thirds majority and subject to rule 3.305:
- 3.305.4.1 prohibit such member from trading;
- 3.305.4.2 restrict the trading activities of such member in such manner as it deems fit, including applying of rule 3.305.5; and/or
- 3.305.4.3 give such member such instructions as it may deem necessary in the interests of the member's clients and counterparties or other members or any settlement system of the JSE or any other exchange.
- 3.305.5 The Urgent Issues Committee shall during the period of any order in terms of rule 3.305.4 have such power as it in its discretion may deem fit to appoint a registered public accountant and auditor or a stockbroker, member or employee of the JSE to supervise and control the activities of the member, at the member's cost. Such member may further be prohibited from entering into JSE related contracts without the prior consent of

the person appointed as aforesaid to control and supervise the member which consent may be given upon such terms and conditions as the Urgent Issues Committee and/or the said appointee shall determine.

3.305.6 Notice to the member concerned of such prohibition, restriction or instruction shall be accompanied by particulars of any alleged contravention of the Act, rules, directives, Board decisions and special gazettes governing members. Any requirements of the Urgent Issues Committee for the rectification of the alleged contraventions shall be stated so as to enable the member in question to apply to the Urgent Issues Committee for the removal of the order once the conditions stated in the order have been satisfied,

3.305.7 Any action taken by an Urgent Issues Committee in terms of this rule may continue until such time as that Committee is satisfied as to the financial position and business conduct of the member in question; provided that such action shall be reviewed by the Committee at least once every month and any order given above shall thereafter only continue to the extent that such continuation is resolved by a two-thirds majority of the Committee,

3.320 Disciplinary matters - Transactions open

in the event of any member being suspended or ceasing to enjoy membership other than by death, expulsion or resignation, and having stock exchange transactions open with another member under these rules, such transactions shall be dealt with in terms of 8.110 save that any transactions which are not closed off by the JSE shall be dealt with by the member who has been suspended or the person who has ceased to be a member according to the terms of the transaction.

3.325 Default, suspension or termination of membership - Control of assets and accounting records

3.325.1 In the event of any member being suspended or declared a defaulter or ceasing to enjoy membership by termination -

3,325.1.1 the member shall hand over to the JSE all books and accounting records of the member including all scrip registers, safe custody ledgers and cheque books, and all cash, securities, bonds and other assets relating to the stockbroking business including cash and control of securities and bonds held on behalf of clients in safe custody in a banking institution;

3.325.1.2 the Board may grant authority to the Director: Surveillance or his nominated deputy to assume control of such cash, securities and bonds referred to in 3,325.1.1 which are owned by clients, including money market instruments, securities and bonds held on behalf of clients in safe custody and cash held on behalf of clients in JSE Trustees (Pty) Limited.

3.325.2 The Director Surveillance shall take reasonable steps to ensure that any market scrip held by a member ("the scrip") or funds held either by a bank in terms of the Financial Institutions (Investment of Funds) Act, 1984, or by JSE Trustees (Pty) Limited on behalf of a client ("the funds"), are identified as the client's property. The Director Surveillance shall take reasonable steps to ensure that only the scrip or funds which are identified as the client's property and which are unencumbered are returned to a client or to his order if so authorised in terms of 3.325.2 by the client in writing,

3.325.2,1 A client of a member who has been suspended or declared a defaulter, or who has ceased to enjoy membership by termination under this rule, shall warrant in writing to the Director Surveillance that he is the lawful owner of any scrip or funds returned to him before such scrip or funds are returned to him, by the Director: Surveillance under 3.325.2.

3.325.2,2 If any scrip or funds are returned to a client, under the provisions of 3.325.2, and it is thereafter established that ownership of such returned scrip or funds does not vest in the client, the client

shall immediately return such scrip or funds to the Director: Surveillance, upon written notification by the Director.

- 3.325.2.3 Where such returned scrip or funds under 3.325.2 have been alienated by the client, the client shall immediately, and insofar as he is able to, effect the return of such scrip (or the equivalent amount of such scrip) or funds to the Director: Surveillance, upon written notification by the Director.
- 3.325.3 The client shall, before any scrip or funds are returned to him under 3.325.2, indemnify the Director: Surveillance in writing for any loss sustained by or damage caused to any person, including, but not limited to, the client, as a result of anything done or omitted by the Director: Surveillance in the bona fide exercise of any power, or performance of any duty or function under or by virtue of 3.325.2, as a result of the return of the scrip or funds to the client and the alienation by the client of such returned scrip or funds in respect of which he is not the lawful owner
- 3.325.4 In the event of the default of a member, the authority referred to in 3.325.1.2 shall endure until such time as the member is placed under provisional sequestration or liquidation when control of the assets in the possession of the member shall vest in the appointed trustee or liquidator.

3.330.3.340 [Reserved]

3.350 **JSE's powers of publication**

- 3.350.1 The JSE may in its discretion and in such manner as it may deem fit, notify the public of or cause to be notified to the public any fact that the JSE considers to be in the public interest, including, but not limited to the name of a member, a stockbroker or any employee or officer of a member and the fact that any such stockbroker, employee or officer has been found guilty of any charge and of the sentence so imposed on such member, stockbroker, employee or officer of a member. The JSE shall inform or cause the public to be informed that a particular member or employee or officer of a member has been expelled, suspended, declared a defaulter or has otherwise ceased to be a member.
- 3.350.2 No action or other proceeding shall in any circumstances be taken by any member, stockbroker or any employee or officer of a member referred to in any notification referred to above or in a JSE Gazette, against the JSE or any Board or Committee member or employee thereof or any person publishing or circulating the same, and this rule shall operate as leave to any person to publish and circulate such notification and be pleadable accordingly.

4. PROPOSED AMENDMENTS TO SECTION 4-BROKING MEMBER (EQUITIES)

Section 4 of the Rules is hereby substituted by the following section:

4 Broking membership (equities)

4.10 Admission requirements

- 4.10.1 To be admitted as a broking member (equities) a member shall:
- 4.10.1.1 comply with the requirements for membership set out in 3; and
- 4.10.1.2 be a natural person, complying with the provisions of 4.20; or
- 4.10.1.3 be a partnership of natural persons, complying with the provisions of 4.30; or
- 4.10.1.4 be a private company (corporate member with unlimited liability) having a share capital, incorporated and registered under the Companies Act, 1973 (Act No. 61 of 1973), complying with the provisions of 4.40; or
- 4.10.1.5 be a public company or a private company having the liability of its members limited by its memorandum of association and registered under the Companies Act, 1973 (Act No. 61 of 1973), complying with the provisions of 4.50 having either-
- 4.10.1.5.1 only stockbrokers as its shareholders; or
- 4.10.1.5.2 non-stockbroker shareholders.
- 4.10.2 A broking member (equities) shall be entitled to -
- 4.10.2.1 trade listed securities;
- 4.10.2.2 manage investments in terms of the rules; and
- 4.10.2.3 otherwise access and utilise the facilities and services of the JSE subject to the provisions of the rules,
- 4.20 Sole Proprietor
- 4.20.1 A natural person maybe admitted by the JSE as a sole proprietor broking member (equities) provided such person, in addition to meeting the requirements of 3.20-
- 4.20.1.1 holds assets in the Republic which comply with the financial resources requirements as specified in 4.55;
- 4.20.1.2 at the time of the granting of membership holds such whole number of JSE rights equivalent to the value of atleast R75000 and retain that number of rights for the duration of membership;
- 4.20.1.3 prior to the **date** of such person's admission-
- 4.20.1.3.1 has obtained a pass in the Institute's examination within three years of such person's application; or
- 4.20.1.3.2 having passed the Institute's examination more than 3 (three) years before such person's application, has obtained a further pass in such subjects as may from time to time be determined by the Institute; and
- 4.20.1.4 appoints a compliance officer in terms of **3.100**;

- 4.20.2 The JSE may determine that a sole proprietor **broking** member (equities), shall serve a *probationary* period under the supervision of another member acceptable **to the JSE** in which case the provisions of 4.70 shall apply.
- 4.20.3 The provisions of 4.110 shall **apply** in respect of a company, other than a nominee company, which a sole proprietor wishes to establish ~~or~~ maintain.
- 4.20.4 A **broking** member (equities) which is a sole proprietor admitted to *membership* prior to the coming into effect of this 4.20 shall, for the duration of its membership, hold at least three JSE rights.
- 4.30 Partnership
- 4.30.1 Only a natural person who is a **stockbroker** shall be a partner in a partnership and no person shall be a partner in more than one partnership.- A partnership shall -
- 4.30.1.1 comprise of two or more partners each of whom meets the requirements of 4.20;
- 4.30.1.2 hold assets in the Republic which comply with the financial resources requirements as specified in 4.55;
- 4.30.1.3 at the time of the granting of membership holds such whole number of JSE rights to the value of at least R75 000 **per partner, to a maximum of R1,5 million and retain that number** of rights for the duration of membership;
- 4.30.1.4 not trade for their own account or with or on behalf of clients except through the partnership; and
- 4.30.1.5 appoint a compliance officer in terms of 3.100.
- 4.30.2 The JSE may determine that a partnership **broking** member (equities), shall serve a probationary period under the supervision of another member acceptable to the JSE in which case the provisions of 4.70 shall apply.
- 4.30.3 An application to the JSE for consent to enter into and to trade as a partnership shall be in the prescribed form and accompanied by a signed copy of ~~the~~ deed of partnership and other information as the JSE may require, The deed of partnership entered into shall not be altered without the prior approval of the JSE.
- 4.30.4 The JSE may at any time call upon the partners in a partnership to amend their deed of partnership in such manner as the JSE may determine and the partners shall make such amendments within such time as the JSE prescribes. The JSE shall be furnished with a signed copy of the amended deed of partnership.
- 4.30.5 No partner in a partnership shall trade for his own account or with or on behalf of clients except through that partnership.
- 4.30.6 No partnership shall be considered to have been dissolved until notice of dissolution, signed by every partner, has been lodged with the JSE, and the JSE has granted permission for such dissolution. A partnership shall be dissolved automatically on the death or expulsion of a partner from the partnership or upon a partner ceasing to be a stockbroker.
- 4.30.7 No stockbroker who has ceased to be a partner in a partnership shall as a sole proprietor, continue to be a **broking** member (equities) unless that person has first obtained the consent of the JSE. The JSE shall not grant such consent unless such person complies with the provisions of 4.20. The JSE may determine that such sole proprietor shall serve a probationary period in terms of 4.70.

4.30.8 The provisions of 4.110 shall apply in respect of a company, other than a nominee company, which a partnership wishes to establish or maintain.

4.30.9 A broking member (equities) which is a partnership admitted to membership prior to the coming into effect of this 4.30 shall, for the duration of its membership, hold at least three JSE rights in respect of each partner provided that the partnership shall not be required to hold more than sixty rights.

4.40 Corporate Entity (unlimited liability)

4.40.1 A corporate body may only be admitted as a broking member (equities) if it is a corporate body which is a private company having a share capital, incorporated and registered under the Companies Act, 1973 (Act No. 61 of 1973), The memorandum of association of such corporate body shall state that its shareholders and former shareholders shall be liable, jointly and severally, together with the company, for such debts and liabilities of the company as are or were contracted during their periods of office. Such a corporate entity shall -

4.40.1.1 hold assets in the Republic which comply with the financial resources requirements as specified in 4.55;

4.40.1.2 at the time of the granting of membership holds such whole number of JSE rights equivalent to the value of at least R75 000 per director who is a stockbroker and a shareholder, up to a maximum of R1.5 million, and retain that number of rights for the duration of membership;

4.40.1.3 have stockbrokers as its shareholders provided that the corporate entity may appoint as a director a person who is a non-stockbroker

4.40.1.4 have directors who comply with the requirements of 3.20; and

4.40.1.5 appoint a compliance officer in terms of 3.100.

4.40.2 An application by a corporate entity (unlimited liability) to be a broking member (equities) shall be accompanied by a signed copy of the memorandum and articles of association of the incorporated company, a copy of any agreement entered into or proposed to be entered into between the members of the company relative to the shares thereof and such other documents as the JSE may require. The provisions of this rule shall apply *mutatis mutandis* to any alteration to or substitution of the aforementioned documents.

4.40.3 If a shareholder dies or ceases to be a stockbroker, such person or his estate may continue to hold the shares for such time as the JSE may determine, but shall not exercise a right to vote in respect of such shares during such period. If a corporate entity (unlimited liability) should at any time cease to have at least one shareholder and director who is a stockbroker, such corporate entity shall, ipso facto, cease to be a broking member (equities).

4.40.4 A shareholder of a corporate entity (unlimited liability) shall not dispose of any of his shares without the prior written consent of the JSE unless the disposal is to an existing shareholder of the corporate entity.

4.40.5 No person shall become a shareholder of a corporate entity (unlimited liability) without the prior written consent of the JSE.

4.40.6 No director of a corporate entity (unlimited liability) shall trade for his own account or with or on behalf of clients except through that corporate entity.

- 4.40.7 No stockbroker who has ceased to be a shareholder of a corporate entity (unlimited liability) shall be entitled to be a broking member (equities) as a sole proprietor unless such stockbroker has first obtained the written consent of the JSE. The JSE shall not grant such consent unless such sole proprietor complies with the provisions of 4.20. The JSE may determine that such sole proprietor shall serve a probationary period in terms of 4.70,
- 4.40.8 A corporate entity (unlimited liability) may not have a subsidiary company except as provided for in 4.110.
- 4.40.9 No corporate entity (unlimited liability) shall, without the consent of the JSE, allot or register transfer of any of its shares except to its existing shareholders who are stockbrokers.
- 4.40.10 No corporate entity (unlimited liability) shall pass any special resolution without a copy of such resolution being submitted to the Director: Surveillance.
- 4.40.11 The JSE may at any time call upon a corporate entity (unlimited liability) to amend its memorandum and articles of association in such manner as the JSE may determine and such amendment shall be made within *such* time as the JSE prescribes.
- 4.40.12 A broking member (equities) which is a corporate entity with unlimited liability admitted to membership prior to the coming into effect of this 4.40 shall, for the duration of its membership, hold at least three JSE rights in respect of each director who is a stockbroker and a shareholder provided that the corporate entity with unlimited liability shall not be required to hold more than sixty rights.
- 4.50 **Corporate Entity (limited liability)**
- 4.50.1 A corporate body must be incorporated and registered as a domestic company under the Companies Act, 1973 (Act No, 61 of 1973) and the liability of its members is limited by its memorandum of association, Such corporate member shall -
- 4.50.1.1 hold assets in the Republic which comply with the financial resources requirements as specified in 4.55;
- 4.50.1.2 at the time of the granting of membership holds such whole number of JSE rights equivalent to the value of at least R1,5 million, and retain that number of rights for the duration of membership, provided that if it only has directors which are stockbrokers and shareholders, the provisions of 4.40.1.2 shall apply;
- 4.50.1.3 where it only has stockbrokers as its shareholders, appoint each such shareholder as an executive director, provided that the corporate member may appoint persons other than stockbrokers as directors;
- 4.50.1.4 be permitted to have any number of shareholders, provided that shareholders of an unlisted private company (limited liability) member who are natural persons and who, directly or indirectly, hold in excess of 10% (ten percent) of the issued shares of such member, shall comply with the requirements of 3.20 and be permanent residents of the Republic;
- 4.50.1.5 have as executive directors, only persons who -
- 4.50.1.5.1 comply with the requirements of 3.20; and
- 4.50.1.5.2 are permanent residents of the Republic;
- 4.50.1.6 have as non-executive directors, only persons who comply with the requirements of 3.20

- 4.50,1.7 appoint a compliance officer in terms of 3.100
- 4.50.2 An application by a corporate entity (limited liability) to be admitted as a broking member (equities) shall be accompanied by a signed copy of the memorandum and articles of association of the incorporated company, a copy of any agreement entered into or proposed to be entered into between the members of the company relative to the shares thereof and such other documents as the JSE may require. The provisions of this rule shall apply *mutatis mutandis* to any alteration to or substitution of the aforementioned documents,
- 4.50.3 A corporate entity (limited liability) shall not undertake as a regular feature of its business any activities which are not directly related to the activities of a member as defined in 4,150.
- 4.50.4 A broking member (equities) which is a corporate entity with limited liability admitted to membership prior to the coming into effect of this 4,50 shall, for the duration of its membership, hold at least sixty JSE rights provided that if such corporate entity with limited liability only has and maintains stockbrokers as its shareholder, the provisions of 4.40.12 shall apply.
- 4.55 **Financial Resources Requirements**
- 4.55.1 No sole proprietor, partnership or corporate entity (with limited or unlimited liability) shall be admitted as a broking member (equities) or allowed to continue as such a member unless it holds net assets in the Republic which comply with the financial resources requirements specified in 4.55.2 to 4.55.4.
- 4.55.2 A broking member (equities) shall on admittance and at all times thereafter, hold adjusted liquid capital, which has to comply with the minimum requirements of the Registrar prescribed from time to time, calculated in accordance with Directive 'DC' 2, sufficient to meet its base requirement and its risk requirement.
- 4.55.3 The base requirement of a broking member (equities) shall be the higher of -
- 4.55.3.1 an amount determined in accordance with JSE directives as being adequate to meet a member's fixed expenditure for a period of 13 weeks; and
- 4.55.3.2 either -
- 4.55.3.2.1 R200 000 in the case of a member that does not operate managed accounts in terms of 5.170 or controlled clients accounts in terms of 14,60 and does not have access to any clients cash or scrip without referral to the client or his agent; or
- 4.55.3.2.2 R400 000 in all other cases.
- 4,554 The risk requirements of a broking member (equities) shall be the sum of its position risk requirement, counterpart risk requirement, foreign exchange requirement and large exposures requirement determined in accordance with JSE directives.
- 4.55.5 The JSE shall determine, establish and maintain appropriate policies and procedures to ensure that adequate information is provided by broking members (equities) to permit the JSE to effectively monitor compliance with these requirements,
- 4.55.6 Where a broking member (equities) fails to meet the financial resources requirements specified in these rules and does not rectify the position forthwith -
- 4.55.6,1 the JSE shall be entitled to proceed in terms of 3.305;

- 4.55.6.2 a fine amounting to the lower of 5% of the shortfall in adjusted liquid capital or R25 000 may be imposed for each day that such shortfall occurs.
- 4.55.7 Once a fine has been imposed on a broking member (equities) in terms of 4.55.6.2, the JSE shall decide whether the details should be published in accordance with 3.350,
- 4.60 Reserved
- 4.70 Probationary Period
- 4.70.1 The JSE may, in its sole discretion, stipulate that any sole proprietor, partnership or corporate entity admitted as a broking member (equities) shall serve a probationary period of six months under the supervision of another broking member (equities) approved by the JSE. Such probationary period shall be reduced or may be waived if the sole proprietor or one or more of the partners or executive directors of the member is a stockbroker with substantive experience as a stockbroker.
- 4.70.2 The member supervising such probationary member shall submit a written report to the Director: Surveillance before the termination of the probationary period, on such member's expertise and ability to carry on independently the business of a broking member (equities). The JSE may at any time extend such probationary period until it is satisfied that the member is fit to carry on independently the business of a broking member (equities).
- 4.70.3 A member serving a probationary period shall keep such books of account and records as may be prescribed in terms of the Act, the rules and directives and Board decisions. The member shall issue its own brokers notes.
- 4.70.4 Should any such supervisory arrangement be discontinued during the probationary period, the probationary member shall immediately cease to be a broking member (equities) until such time as such member receives the consent of the JSE to enter into a similar arrangement with another member or receives permission from the JSE to carry on business independently as a broking member (equities).
- 4.70.5 Neither of the parties to such supervisory arrangement shall discontinue the arrangement unless the consent of the JSE has first been obtained.
- 4.70.6 Any dispute which may arise between a probationary member and the supervisory member may be submitted by either party to the JSE which shall have the right to adjudicate summarily thereon, and whose decision shall be final and binding on the parties.
- 4.70.7 During the probationary period, it shall be the duty of the supervisory member to ensure that the probationary member complies fully with the Act, the rules and directives and Board decisions.
- 4.70.8 Should the supervisory member become aware of any material contravention of the Act, the rules and directives or Board decisions, by the probationary member, the supervisory member shall forthwith report the matter in writing to the Director: Surveillance.
- 4.80 Restrictions on Financial Holdings of a Broking Member (equities)
- 4.80.1 A broking member (equities) may hold shares in a corporate entity (limited liability) of the kind referred to in 4.50 provided that such holding, directly or indirectly, does not exceed 20% (twenty percent) of the issued equity shares of the corporate entity concerned. This includes a holding by one corporate entity (limited liability) in another such corporate entity.

- 4.80.2 A partner in a partnership of the kind referred to in 4.30 and a director of a corporate entity of the kind referred to in 4.40 and 4.50 may not, directly or indirectly, have a financial interest in another member except as provided for in 4.80.4.
- 4.80.3 An employee of a **broking** member (equities) may not, directly or indirectly, have a financial interest in another **broking** member (equities), save for such an interest which an employee may have in a corporate entity (limited liability) by which he is employed or as provided for in 4.80.4.
- 4.80.4 The provisions of this rule shall not preclude a **broking** member (equities), or a partner in a partnership of the kind referred to in 4.30 or a director of a corporate entity of the kind referred to in 4.40 and 4.50 or an employee of a **broking** member (equities) from owning shares in a corporate entity (limited liability) of the kind referred to in 4.50 where the shares of such corporate entity are listed.
- 4.80.5 A natural person trading as a sole proprietor in terms of 4.20, a partner in a partnership of the kind referred to in 4.30, or a director of a corporate entity of the kind referred to in 4.40 and 4.50 or an employee of a **broking** member (equities), may be a shareholder in or may be a non-executive director of the holding company of a corporate entity of the kind referred to in 4.50.

4.90 **Independence of members**

Every business of a member shall for all intents and purposes be carried on independently and in competition with other members.

4.100 **Nominee Companies**

- 4.100.1 A **broking** member (equities) may establish or maintain a company whose main object shall be to act as the registered holder of securities or **bonds** exclusively on behalf of such member or on behalf of its clients.
- 4.100.2 The shares in the nominee company shall be beneficially owned-
- 4.100.2.1 in the case of a sole proprietor, by the sole proprietor and be registered in the name of the sole proprietor
- 4.100.2.2 in the case of a partnership, by all of the partners and be registered in the name of one or more of the partners; and
- 4.100.2.3 **in the case** of a corporate entity, by the corporate entity and be registered in the name of the corporate entity.
- 4.100.3 The **broking** member (equities) shall ensure that such nominee company incurs no liabilities other than those normally incurred as a result of its acting as a nominee in respect of securities.
- 4.100.4 The powers of the nominee company shall be limited to the main object set forth in 4.100.1, and such other acts as may be necessary to achieve the said object.
- 4.100.5 Any nominee company established in terms of this rule shall comply with any additional requirements as the **JSE** may from time to time determine.

4.110 Subsidiary Companies

- 4.110.1 A **broking member** (equities) may not establish any other company except-
- 4.110.1.1 a nominee company referred to in 4.100;
- 4.110.1.2 a property-owning company formed or acquired primarily for the purpose of owning premises occupied or to be occupied by that member;
- 4.110.1.3 a limited liability company maintained by a member outside of the Common Monetary Area;
- 4.110.1.4 a limited liability company in which the member holds a controlling interest and which shall have as its main object, dealings with or on behalf of clients in financial instruments as defined in section 1 of the Financial Markets Control Act;
- 4.110.1.5 a limited liability company in which the member holds a controlling interest and which shall have as its main object, conducting the business of a stockbroker outside the Republic but within the Common Monetary Area and to be a member of the stock exchange in the centre in which that business is conducted; and
- 4.110.1.6 a limited liability company in which the member holds a controlling interest and which shall have as its main object, the managing of investments on behalf of other persons, investments in listed securities or bonds or any investments of which listed securities or bonds form part, in terms of section 4 of the Act.

4.120-4.140 [Reserved]**4.150 Business of a broking member (equities) and interest in another business**

- 4.150.1 The business of a **broking member** (equities) shall exclude activities related to -
- 4.150.1.1 banking services under the supervision of the Registrar of Banks and for which a banking licence is required; and
- 4.150.1.2 insurance underwriting activities.
- 4.150.2 Subject to 4.150.1, nothing contained in these rules shall in any way prohibit a **broking member** (equities) from carrying on or being interested in any business other than that of a **broking member** (equities) or from holding a financial interest in any company which is not of the kind referred to in 4.150.4.
- 4.150.3 Notwithstanding the provisions of 4.150.1, the JSE may, in exceptional circumstances, the determination of which shall lie with the JSE, upon request by a **broking member** (equities) in writing, approve such other activities to be included in the business of such member provided such activities are related to the core business of **stockbroking**. The JSE may direct that such business be conducted in a separately capitalised legal entity which is wholly or jointly owned by the member.
- 4.150.4 No member shall be admitted as a member and no member may remain a member if at any time whether directly or indirectly it is associated with a member of, or has a proprietary interest in, any other stock exchange (licensed in terms of the Act or any replacement Act) or other financial market (licensed in terms of the Financial Markets Control Act, 1989) in the Republic which is not a member of the JSE, the Bond Exchange of South Africa or the South African Futures Exchange and in which dealings in securities or financial instruments (as defined in section 1 of the Financial Markets Control

Act) are publicly carried on as a business, but this shall not prohibit a member from acquiring and holding listed securities or financial instruments for its own account.

4.160 [Reserved]

4.170 Advice on transactions

No officer or employee of a **broking** member (equities) who is not a stockbroker may advise on any transaction on behalf of a **broking** member (equities) unless such person has been so authorised by the JSE except that an officer or an employee who, prior to the coming into effect of this rule has been accustomed to giving advice on transactions, shall be exempt from this requirement.

4.170.1 Subject to the provisions of 4.170.2, no officer or employee of a **broking** member (equities) who is not a stockbroker may advise on any transaction in securities on behalf of such member, unless such person has obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets -

4.170.1,1 an introduction to international capital markets;

4.170.1,2 regulation of South African financial markets; and

4,170.1,3 international equity markets.

4,170.2 Any person having obtained a pass in the Examination and who ceases to advise on transactions in securities for a period of more than three years, must pass the Examination prior to advising on transactions in securities again.

4.170.3 For the purposes of this rule, the term 'advise on transactions in securities' shall mean the giving of an opinion in regard to securities which can influence an investment decision.

4.180 Dealings with an investment manager

A **broking** member (equities) which transacts business on behalf of a person who manages investments on behalf of another person as a regular feature of his business in terms of Section 4 of the Act, shall ensure that the person has the necessary approval to manage investments on behalf of other persons in terms of the Act as aforementioned.

4.190 Powers of attorney

4.190.1 No **broking** member (equities) shall grant a general power of attorney to carry on or supervise its business to a person **unless** such person is a stockbroker.

4.190.2 A **broking** member (equities) may grant a **special** power of attorney to execute a specific function within such member's business to a person who is not a stockbroker.

4,190.3 Nothing in this rule shall absolve the **broking** member (equities) granting the power of attorney from responsibility for the acts of its attorney or substitute.

CSMS

4.200 **Function**

4.200.1 A member shall only hold securities, uncertificated securities or funds on behalf of a person or maintain a nominee register on behalf of controlled clients if such member has been admitted as a CSM.²

4.200.2 A member which is not a CSM shall appoint a CSM or a CSD Participant as its CSA to perform the functions set out in 4.200.1.

4.210 **Admission requirements**

4.210.1 To be admitted as a CSM, a member shall:

4.210.1.1 Comply with the requirements for membership as set out in 3, directive FK and such nominee register requirements as may be prescribed by the FSB from time to time;

4.210.1.2 be a public company or a private company having the liability of its members limited by its memorandum of association and registered under the Companies Act, 1973 (Act No. 61 of 1973);

4.210.1.3 hold assets in the Republic which comply with the financial resources requirements as specified in 4.220.2;

4.210.1.4 at the time of the granting of membership be required to hold JSE rights to the value of R75 000, and retain that number of rights for the duration of membership;

4.210.1.5 be permitted to have any number of shareholders, provided that shareholders of an unlisted private company (limited liability) member who are natural persons and who, directly or indirectly, hold in excess of 10% (ten percent) of the issued shares of such member, shall comply with the requirements of 3.20 and be permanent residents of the Republic;

4.210.1.6 have as executive directors, only persons who -

4.210.1.6.1 comply with the requirements of 3.20; and

4.210.1.6.2 are permanent residents of the Republic;

4.210.1.7 have as non-executive directors, only persons who comply with the requirements of 3.20;

4.210.1.8 appoint a compliance officer in terms of 3.100;

4.210.1.9 submit to the JSE a signed copy of the memorandum and articles of association of the incorporated company, a copy of any agreement entered into or proposed to be entered into between the members of the company relative to the shares thereof and such other documents as the JSE may require. The provisions of this rule shall apply *mutatis mutandis* to any alteration to or substitution of the aforementioned documents.

4.220 **Financial Resources Requirements**

4.220.1 No CSM shall be admitted as a custody and settlement member or be allowed to continue as such a member unless it holds net assets in the Republic which comply with the financial resources requirements specified in 4.220.3 to 4.220.4.

4.220.2 A CSM shall on admittance and at all times thereafter, hold adjusted liquid capital, which complies with the minimum requirements prescribed by the Registrar from time to time, calculated in accordance with Directive 'DC', sufficient to meet its base requirement and its custody risk requirement,

4.220.3 The base requirement of a CSM shall be the higher of an amount determined in accordance with JSE directives as being adequate to meet a member's fixed expenditure for a period of 13 weeks, subject to a minimum of R400 000.

4.220.4 The JSE shall determine, establish and maintain appropriate policies and procedures to ensure that adequate information is provided by CSMS to permit the JSE to effectively monitor compliance with these requirements.

4.220.5 Where a CSM fails to meet the financial resources requirements specified in these rules and does not rectify the position forthwith -

4.220.5.1 the JSE shall be entitled to proceed in terms of 3,305; or

4.220.5.2 a fine amounting to the lower of 5% of the shortfall in adjusted liquid capital or R25000 may be imposed for each day that such shortfall occurs.

4.220.6 Once a fine has been imposed on a CSM in terms of 4.220.5.2, the JSE may decide to publish the details in accordance with 3.350,

4.230 Control of a CSM

Every primary place of business and branch office of a CSM shall be under the control of a stockbroker or a person who has obtained a pass in the compliance examination in terms of 3,100.1.

4.240 Dealings on behalf of officers or employees

4.240.1 An employee or officer of a CSM may, directly or indirectly, participate in transactions in listed products through a broking member (equities) provided that that officer or employee:

4,240.1.1 is a managed account client or controlled client contemplated in 5.170 and 14.60 respectively of a broking member (equities); and

4,240.1.2 provides notice in writing to the compliance officer of the CSM of the arrangement set out in 4.240.1 forthwith upon the conclusion of such arrangement and

4.240.1.3 has provided the compliance officer of the CSM with written authority to access all records applicable to the officer or employee held at the broking member (equities).

4.250 Powers of attorney

4.250.1 No CSM shall grant a general power of attorney to carry on or supervise its business to a person unless such person is a stockbroker or has passed the compliance officer exam in terms of 3.100.

4.250.2 A CSM may grant a special power of attorney to execute a specific function within such member's business to a person not referred to in 4.250.1.

4.250.3 Nothing in this rule shall absolve the CSM granting the power of attorney from responsibility for the acts of its attorney or substitute,

5. **PROPOSED AMENDMENTS TO SECTION 5 - TRANSACTIONS, TRADING PROCEDURES AND DISPUTES**

- 5.1 The word "member" wherever same appears in section 5 is hereby substituted by the word "broking member (equities)" with the exception of the first reference to "member" in Rule 5.50.24, the reference to "member" in rules 5.60.1, 5.60.2 and 5.60.5, and the last reference to "member" in Rule 5,100.10, which shall remain unchanged.
- 5.2 The word "Committee" wherever same appears in section 5 is hereby substituted by the word "JSE" with the exception of rules 5.10,1 and 5.100,10 where the word "Committee" should be amended to read "Board" and rule 5.100.11 to 5,100.19 where all the references to "Committee" shall be amended to read "JSE Executive",
- 5,3 The word "JET system" wherever same appears in section 5 is hereby substituted by the word "JSE trading system".
- 5.50.20 **[A sub-committee to be known as the JET Operating sub-committee is hereby established. This sub-committee shall comprise the Chairman or his deputy, the Executive President or his deputy, the Market Controller or his deputy and a stockbroking member of the Committee.] Reserved**
- 5.50.21 Notwithstanding any other provision of the rules or any directive, the **[JET Operating sub-committee] JSE, in accordance with circumstances may:**
- 5.50.21.1 reduce or extend the hours of business **of the [JET] JSE trading** system for any particular business day;
- 5,50.21.2 without notice to any person, halt or close the **[JET] JSE trading** system for trading at anytime and for any period;
- 5.50.21.3 if there has been any failure of the **[JET] JSE trading** system, for any reason, or if the **[JET] JSE trading** system has been closed or halted pursuant to 5,50.21.2 or 5.50.24, declare that a transaction effected through or by the **[JET] JSE trading** system is void. Such declaration shall bind a member, a client of a member or a counterparty on behalf of or with whom the transaction was effected; and
- 5.50.21.4 exercise such further powers and take such further action as may be exercised or taken by the Committee in terms of the rules, and as may be necessary to resolve any issue which may arise from the closure, halt or failure of the **[JET] JSE trading** system.
- 5.140 **Safe Custody Scrip**
- [5,140.1 **No member shall hold securities as defined in 5.140.2 (which for the purposes of this rule shall include bonds) on behalf of any person without the prior written approval of the Committee, which approval shall be granted on the condition that such member complies at all times to the satisfaction of the Committee with the provisions hereof. The Committee may at any time review and withdraw such approval.]**
- 51401 **[5.140.2 Securities which a client has requested a member to hold for him in safe custody and which are fully paid for and not subject to any lien or charge in favour of the member shall only be held by the member on the conditions laid down herein and after receipt of the written approval referred to in 5.140.1.] Securities held in safe custody may only be held by a CSM or CSA,**

and in accordance with 5.140. Such securities shall not be subject to any lien or charge in favour of the member.

- 5.140.2 [5.140.3] Securities **[which a member is holding] held as minimum** cover in terms of Section 23(1) and (2) of the Act, or in terms of 5.310 or otherwise as security for a loan shall only be held in the manner and on the conditions prescribed in 5.150.
- 5.140.3 [5.140.4] The provisions of 5.140.1 [,] and 5.140.2 [and 5.140.3] shall not apply if the person on whose behalf the securities are held is another member or is a foreign dealer.
- 5.1404 [5.140.5] The arrangements made by a client with a **[member] broking member (equities) for the retention of securities in safe custody shall be recorded** in a form of mandate **[approved by the Committee, The mandate]** which shall contain the minimum requirements prescribed by the [Committee]& and shall be signed by the client before any securities are accepted [by the member] for such purpose.
- 5.1405 **[5.140.6]** The client shall indicate on the mandate whether the securities shall be registered in his own name or in the name of a nominee company of the member or in the name of any other person other than the member, a stockbroker or employee or officer of the member.
- 5.140.6 **[5.140.7] Every [member] broking member (equities) [holding Committee approval in terms of 5.140.1] shall keep a register (in the form prescribed) of each mandate [and].**
- 5.140.7 **Every CSM and CSA shall keep** a safe custody ledger of the securities that are being held from time to time in terms of the mandate. Full details of any change in the securities held on behalf of a client shall be recorded forthwith in the safe custody ledger.
- 5.140.8 Any securities [entrusted to a member **for retention] held** in safe custody for a client shall be marked or the necessary details thereof recorded and stored in a computer data base in a manner which will render it possible at any time thereafter to establish readily the identity of the person entitled to the ownership of those securities. Such securities shall be deposited [by the member] in a safe custody account with a bank or with another organisation as maybe approved by the [Committee]& after consultation with the Registrar. Securities so deposited shall not be withdrawn from that account except by the joint signatures of the persons referred to in 5.320.
- 5.140.9 No transfer deed shall be attached to any securities retained in safe custody until such securities are prepared [by the member] for disposal on behalf of the client or for delivery to the client. **The name** of the issuer of the security and the number of shares involved must be inserted on the transfer deed before it is signed by the registered owner of the security. A **[member] broking member (equities) or CSM or CSA** shall not retain a blank signed transfer deed in respect of securities held in safe custody.

- 5.140.10 Every [member] CSM and CSA which holds safe custody scrip must balance the securities monthly with the safe custody ledger. **[As evidence that the securities have been balanced, the member shall furnish the Committee with a] A certificate to that effect shall be furnished to the Director Surveillance on or before the 15th day of the month following the month to which the certificate relates.** The certificate shall be signed jointly by the persons referred to in 5.320 **[and shall be lodged with the Committee on or before the 15th day of the month following the month to which the certificate relates].**
- 5.140.11 Employees of a [member other than] CSM and CSA including those who are stockbrokers or executive directors and who are granted signing powers on the member's safe custody deposit account or on behalf of nominee companies shall not be authorised to sign any **, cheques** or other instruments of payment drawn by the member or its nominee company.
- 5.140.12 A [member] CSM and a CSA which retains securities in safe custody shall satisfy the Registrar and the [Committee] JSE on an annual basis that **[it holds] they hold** adequate insurance cover relative to the value of the securities so held against losses resulting from the negligence, dishonesty or fraud of any person in the employ of such member,
- 5.140.13 No sole proprietor, partner or director or employee or officer of a [member] broking member (equities) or CSM or CSA shall personally directly or indirectly hold securities on behalf of a person who administers or who keeps in safe custody listed securities as a regular feature of his business, except under the control of the **[member] CSM or CSA** and in accordance with these rules.
- 5.140.14 **[A member which receives securities from a client entrusted to it] Where securities are received from a client for retention in safe custody [shall forthwith, upon receipt of such securities, issue to the client] a-receipt recording the name of the security, number of securities and certificate number in respect of the securities so received shall be issued forthwith. [Such receipt **shall be signed by one of the signatories referred to in 5.320.]****
- 5.150 Minimum Cover - Pledges**
- 5.150.1 When securities (which for the purpose of this rule shall include bonds) are deposited by a person [with a member] as minimum cover in terms of Section 23(1) and (2) of the Act or in terms of 5.310, or otherwise as security for a loan, that person may be required by **[such member] his broking member (equities)** to lodge with it a pledge in such form as may from time to time be prescribed by the [Committee] JSE.
- 5.150.2 Every **[member] broking member (equities)** shall keep a record or register of the pledges so held, **[, and.]**
- 5.150.3 **Every CSM and CSA shall keep a safe custody ledger of the securities that are from time to time held as minimum cover. Full**

details of any change in the securities held on behalf of a person shall be recorded forthwith by the member in the safe custody ledger.

5.150.4 [5,150.3] Any securities deposited [with] or pledged [to a member] as minimum cover shall be marked by tagging with the client's name and shall be held **by the [member] CSM or CSA** in a separate deposit account with a bank. Such securities shall be [so] recorded, segregated and distinguished **so** that they can at all times be identified as the cover so held. Securities so deposited shall not be withdrawn from that account except by the joint signatures of the persons referred to in 5.320.

5.150.5 [5.150.4] [An employee] **Employees** of a [member other than] **CSM and a CSA including** an employee who is a stockbroker or an executive director and who is granted power to sign on the member's minimum cover deposit **[account] or on behalf of nominee companies shall not be authorised to sign any cheque or other instrument of payment drawn [by the member or its] on the account of a broking member (equities) or a nominee company.**

5.150.6 [5.150.5] Where a [member] **CSM or a CSA** retains securities in safe custody in terms of [5,140.2] **5.140.1 [it] they** may hold any securities deposited with **[it] them** as minimum cover in terms of 5.150.1 in the same deposit account with an approved organisation as that in which the safe custody securities are held, and in that case the provisions of 5.140.11 shall apply to such securities lodged as minimum cover.

5.160 Advice Notes and Brokers Notes

5.160.1 **In respect of a transaction** in securities executed through the **[JET] JSE trading** system on behalf of or with a client or a counterpart, a [member] **broking member (equities)** shall, before **[12h30] 12h00** on the business day following the transaction -

5,160.1.1 issue to the client or counterpart a brokers note or an advice note; or

5.160.1.2 transmit to the client or counterpart via such electronic means acceptable to the [Committee] **JSE**, a confirmation of the transaction,

5.160.2 The brokers note, advice note or electronic confirmation referred to in 5.160.1 shall disclose-

5.160.2.1 the date and time of the transaction;

5.160.2.2 the identification number of the transaction;

5,160.2.3 the amount and nature of the [member] **broking member (equities)** charges in connection with an agency transaction;

5.160.2.4 the price at which the transaction was executed and the total consideration due from or to a client or counterpart

- 5.160.2.5 the settlement date of the transaction;
- 5.160.2.6 the amount or basis of any charges shared by the [member] broking member (equities) with another party, or the fact that this will be made available on request;
- 5.160.2.7 whether the [member] broking member (equities) acted as an agent or as a principal in the transaction;
- 5.160.2.8 the identification number of the order generated by the **{JET} JSE trading** system;
- 5.160.2.9 where appropriate, the name of the securities trader who concluded the transaction.
- 5.160.3 An advice note or electronic confirmation shall not be required where a transaction between [member] broking member (equities) is to be settled through a JSE settlement system.
- 5.160.4 Notwithstanding the provisions of this rule and subject to the prior written instruction of a client or counterpart, a [member] broking member (equities) may allocate all transactions executed for a client or with a counterpart to a specifically designated suspense account in the name of the client or counterpart and issue a single brokers note or advice note or electronic confirmation for transactions in the same security on the same day, by allocating the transaction at an average price, provided that the brokers note or advice note or electronic confirmation discloses the following additional information -
- 5.160.4.1 the fact that the price is an average price within the times of the first and last trade; and
- 5.160.4.2 that the prices and times of each transaction are available from the [member] broking member (equities) on request
- 5.160.5 Notwithstanding the provisions of this rule and subject to the prior written instruction of an approved [portfolio] investment manager or on the instruction of an employee who manages discretionary managed accounts, a [member] broking member (equities) may allocate all transactions executed for such managed accounts to a specifically designated suspense account and issue single brokers notes or electronic confirmations to various clients for transactions in the same security on the same day, by allocating the transactions at an average price, provided that the brokers notes or electronic confirmations disclose the following additional information -
- 5.160.5.1 the fact that the price is an average price within the times of the first and last trade; and
- 5.160.5.2 that the prices and times of each transaction are available from the [member] broking member (equities) on request

5,170 **Managed Accounts**

- 5,170.1 A [member] ~~broking member (equities)~~ shall not operate a managed account without the prior written approval of the [Committee]& which approval when granted shall be on the condition that such member complies at all times to the satisfaction of the [Committee] ~~JSE~~ with the provisions hereof. The [Committee]& may at any time review and withdraw such approval.
- 5.170.2 Securities (which for the purpose of this rule shall include bonds) received [in respect of or arising from] **pursuant to the operation of a managed account and which are retained by [the member which operates such account] a CSM or CSA,** shall constitute [securities which a client has requested the member to hold for him in safekeeping and shall] safe custody scrip and be dealt with [at all times in the manner set forth] in terms of 5.140.
- 5.170.3 The mandate shall provide that all cash received [by a member in respect of or arising from the] pursuant to the operation of a managed account and which is not paid over to the client [by the member] upon receipt of such cash, shall be deposited [by the member] for the account and in the name of the client with JSE Trustees (Pty) Limited. The mandate may, in addition, provide that **such** cash will, *on* receipt of appropriate instructions from the client, be paid to the order of the client.
- 5.170.4 The arrangement whereby a **[member] broking member (equities)** manages a client's account in terms hereof shall be recorded in a form of mandate. The mandate [which] shall contain the minimum requirements prescribed by the [Committee]& **and shall be signed by the client before cash or securities are accepted from the client for the operation of the managed account.**
- 5,170.5 The client shall indicate on the mandate whether any securities held or to be held are to be registered in his own name or in the name of a nominee company of the member or in the name of any other person,
- 5.170.6 Every [member] ~~broking member (equities)~~ [holding Committee approval in terms hereof] shall keep a register (in a form prescribed by the [Committee]& of each mandate **[and]**).
- 5,170.7 Every CSM and CSA shall keep a safe custody ledger of the securities that are being held from time to time in terms of the mandate. Full details of any change in the securities held on behalf of a client shall be recorded forthwith in the safe custody ledger.
- 5170.8 **[5.1 70.7] [Where a member has received the approval of the Committee to operate managed accounts in terms hereof but does in safe custody any of the securities arising from such operation] Where securities are not retained in terms of 5.170.3,** the provisions relating to the verification of securities by the auditor shall not apply. The statements to clients shall contain a note to the effect that on the date to which the statements relate no securities were

held by the member on behalf of the client in respect of the existing managed account arrangement.

5170.9 [5.1 70.8] Every member shall distinguish, in its books of account, those managed accounts operated in terms hereof so that they can be easily identified as such at all times.

~~5.170.10~~ [5.1 70.9] [Every member holding Committee approval in terms of this rule shall pay to or receive from JSE Trustees (Pty) Limited the] The difference between the total of the individual clients' cash balances on all managed accounts in the books of account of the [member] broking member (equities) as at the close of business on the preceding business day and the total amount held by JSE Trustees (Pty) Limited on behalf of the clients of such member as at the close of business on the preceding business day shall be paid to or received from JSE Trustees (Pty) Limited.

5170.11 [5.170.10] Statements of account sent to managed account clients [by a member] shall include approved wording to the effect that the credit balance reflected on the statement is held by JSE Trustees (Pty) Limited for the account of the client.

5.320 Signing Authorities

For the purposes of rules 5.140[.8, 5.140.10, 5.140.14], 5.150[.3 and]. 5.280[.5.1] and 14.60 the [joint] signatories referred to therein shall be -

- 5.320.1 two [partners or] executive directors or an [partner or] executive director and a stockbroker of the member; or
- 5.320.2 an [partner or] executive director or stockbroker and a senior officer in the employ of the member in whose favour a power of attorney has been granted by the member; or
- 5.320.3 an [partner or] executive director or stockbroker and such other person as the Committee may in special circumstances and for such period as it may determine approve and in whose favour a power of attorney has been granted by the member.

6. PROPOSED AMENDMENTS TO SECTION 6- BROKERAGE AND OTHER MANDATORY CHARGES PROPOSED AMENDMENTS TO SECTION 7- MEMBERS ASSETS AND ACCOUNTING RECORDS

- 6.1 The word "member" wherever same appears in section 6 and 7 is hereby substituted by the word "broking member (equities)".
- 6.2 The word "Committee" wherever same appears in section 6 and 7 is hereby substituted by the word "JSE".
- 6.3 The words "JET system" wherever same appears in section 6 and 7 are hereby substituted by the words "JSE trading system".

7. PROPOSED AMENDMENTS TO SECTION 8- DEFAULTS/DEATHS

- 7.1 The word "member" wherever same appears in section 8 is hereby substituted by the word "broking member (equities)"
- 7.2 The word "Committee" wherever same appears in section 8 is hereby substituted by the word "JSE".

7.3 The words "JET system" wherever same appears in section 8 are hereby substituted by the words "JSE trading system",

8.70.5 The admission or otherwise of claims against or contributions to the Stock Exchange Estate of a defaulter, which arise from transactions in securities the listing of which is suspended or terminated as at the time of default, shall be at the discretion of the sub-Committee. The sub-Committee shall have discretion also to fix prices at which such transactions shall be closed if admitted, irrespective of any action which may have been taken in terms of [3.30] 1,40,3.3 and 5.100.16 to 5.100.21.

8.90 The assets of the Stock Exchange Estate of a defaulter or insolvent shall consist of -

8.90.1 any [stock exchange] JSE rights held by the defaulter or insolvent;

8.90.2 any difference paid to the General Manager in terms of 8.60;

8.90.3 any money or security paid to such Estate in terms of 8.20;

8.90.4 any amounts refunded in terms of 8.50.6;

8.90.5 any profit accruing to such Estate in terms of 8.120;

8.90.6 any dividend accruing from the Stock Exchange Estate of another defaulter or insolvent;

8.90.7 any cheque received from another member in respect of stock exchange transactions and which ~~cheque~~ has not been paid;

8.90.8 any amounts paid to such Estate in terms of [4.100.6]=;

8.90.9 any amount paid by a JSE settlement system to the Stock Exchange Estate.

8. **PROPOSED AMENDMENTS TO SECTION 9- GUARANTEE FUND**
PROPOSED AMENDMENTS TO SECTION 10- LISTINGS
 PROPOSED AMENDMENTS TO SECTION 11 - SETTLEMENT SYSTEMS
 PROPOSED AMENDMENTS TO SECTION 12. JSE TRUSTEES (PTY) LIMITED

8.1 The word "member" wherever same appears in section 9 to section 12 is hereby substituted by the word "broking member (equities)".

8.2 The word "Committee" wherever same appears in section 9 to section 12 is hereby substituted by the word "JSE".

8.3 The words "JET system" wherever same appears in section 9 to section 12 is hereby substituted by the words "JSE trading system".

9. **PROPOSED AMENDMENTS TO SECTION 13- MISCELLANEOUS**

9.1 The word "member" wherever same appears in section 13 is hereby substituted with the word "broking member (equities)".

9.2 The word "Committee" wherever same appears in section 13 is hereby substituted by the word "JSE".

9.3 The words "JET system" wherever same appears in section 13 are hereby substituted by the words "JSE trading system",

13.20.3

Any transaction and other agreement entered into and any obligation assumed by a member in terms of a rule, directive, instruction or decision of the Committee which was in force and of effect immediately prior to the date of commencement of any of these rules (including a rule, directive, instruction or decision pertaining to membership of the JSE and the [stock ~~exchange~~] JSE rights of a member) shall remain in ~~force~~ and of effect as fully as if the provisions set forth in the rule, directive, instruction or ~~decision~~ under which such transaction or agreement was entered into or obligation assumed, as the case may be, were contained in these rules as an integral part thereof.