

BOARD NOTICE RAADSKENNISGEWING

BOARD NOTICE 37 OF 2001 STOCK EXCHANGES CONTROL ACT, 1985

AMENDMENT OF THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

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 JSE Securities Exchange South Africa 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 Securities 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

SCHEDULE

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.

AMENDMENTS OF THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

1. PROPOSED AMENDMENTS TO SECTION 1 – GENERAL

1.10 Name

The name of the Association is the ["Johannesburg Stock Exchange"] "JSE Securities Exchange South Africa" hereinafter referred to as "the JSE".

2. PROPOSED AMENDMENTS TO SECTION 2 – INTERPRETATIONS AND DEFINITIONS

2.40 In these rules

"JSE" means the [Johannesburg Stock Exchange] JSE Securities Exchange South Africa.

3. PROPOSED AMENDMENTS TO SECTION 3 – MEMBERSHIP AND DISCIPLINARY PROCEDURES

3.150 Employees of a member bound by the act, rules, directives, ethics and code of conduct –

No member may employ any person unless such person has entered into a written agreement with such member to comply with the provisions of the Act, these rules, directives and the ethics and code of conduct which the JSE may from time to time determine.

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

4.53 Control of a member

4.53.1 Every primary place of business of a broking member (equities) shall be under the control of a stockbroker who shall be either the sole proprietor of the member, a partner or an executive director thereof.

4.53.2 A branch office of a broking member (equities) shall be under the control of a stockbroker in the full-time employ of the member.

4.53.3 An agency office of a broking member (equities) may be under the control of a stockbroker in the full-time employ of the member or, alternatively, the broking member (equities) shall appoint a compliance officer as part of the staff complement of such office.

4.53.4 The name of the stockbroker or compliance officer referred to in 4.53.1, 4.53.2 and 4.53.3 shall be advised to the JSE. Any changes to these appointments shall be advised to the JSE within seven days of such change. Where the position of a stockbroker or a compliance officer appointed in terms of 4.53.1, 4.53.2 or 4.53.3 becomes vacant, such position shall be filled within 2 months of its having become vacant.

4.53.5 For the purpose of this rule, the person in control of a place of business of a broking member (equities) shall be personally resident in the area where the place of business is located.

4.120 Dealings on behalf of officers or employees

4.120.1 No stockbroker or officer or employee of a broking member (equities) shall either directly or indirectly execute a transaction or any other business normally conducted by a broking member (equities) for –

4.120.1.1 an officer or employee of another broking member (equities); or

4.120.1.2 any person, firm, partnership, company or syndicate at the instance or request or on the instructions of a stockbroker, officer or employee of another broking member (equities).

4.120.2 Notwithstanding anything contained in this rule the Director: Surveillance may in special circumstances and with the prior written consent of both the broking members (equities) concerned, consent that such bargains or business may be transacted. Any consent so given shall be valid for only one year from the date on which it is given, but may be withdrawn at any time without assigning any reason therefor.

4.120.3 The provisions of 4.120.1 shall not be construed as prohibiting a broking member (equities) from conducting normal stockbroking business with another broking member (equities) provided that such business shall not be conducted on behalf of any one partner of a partnership or of any one director of a corporate entity which has more than one director.

4.120.4 If any stockbroker or officer or employee of a broking member (equities) is approached to do a bargain or business for any one of the persons referred to in 4.120.1, except where such bargain or business is permitted by the said rule and 4.120.3, such member or the officer or employee of such member shall immediately furnish the Director: Surveillance with full particulars of the proposal or request.

4.120.5 No stockbroker or any other officer or employee of a broking member (equities) shall either directly or indirectly, for the account of such person or for the account of any other person, conduct any business normally conducted by or with a broking member (equities) or, but without in any way limiting the generality of the foregoing, purchase, sell, or otherwise deal in any way in securities, Krugerrands, money market instruments, futures contracts, traded option contracts or any other financial instrument as defined in the Financial Markets Control Act, No. 55 of 1989, other than through the broking member (equities) of which he is the sole proprietor, a partner, a director, or the officer or employee, save:

4.120.5.1 in respect of any prior written exemption that may be granted by the Director: Surveillance in special circumstances in terms of 4.120.2; and

4.120.5.2 with the prior written approval of the sole proprietor, senior partner or senior director of that broking member (equities), as the case may be.

Any such dealings effected through a broking member (equities) shall have the prior approval of the sole proprietor, senior partner or senior director of that member.

4.120.6 Every stockbroker and registered securities trader shall, while in the employ of a broking member (equities), act as the agent of such member, and such broking member (equities) shall be responsible for all transactions of such agent.

4.120.7 No officer or employee of a broking member (equities) shall make any bargain in his own name. All bargains shall be transacted in the name of the broking member (equities). The broking member (equities) shall be responsible for all transactions concluded by an officer or employee in contravention of these rules.

5. PROPOSED AMENDMENTS TO SECTION 14 – TRANSACTIONS IN STRATE APPROVED SECURITIES

14.20 In this rule 14 –

“ring-fencing” means the process in terms of which linked deliveries and receipts which emanate from transactions which are not guaranteed by the JSE are separated and distinguished from those transactions which are guaranteed by the JSE;

14.25.2 In addition to 14.25.1, where ring-fencing occurs -

14.25.2.1 multiple batch settlement runs per listed security will result;

14.25.2.2 multiple contract notes per client will result, with each contract note settling in a different batch; and

14.25.2.3 transactions which are ring-fenced will not be netted with or linked in any way to another batch or batches of the same uncertificated security.

14.30.1 The settlement authority shall -

14.30.1.1 manage the settlement of transactions in uncertificated securities effected through the JSE trading system [in terms of] as set out in 5.10.3 [, 5.10.4, 5.10.5] and the risks associated with such settlement to ensure that the principles set out in 14.25 are adhered to; and

14.30.1.2 manage the settlement of transactions in uncertificated securities reported to the JSE trading system as set out in 5.10.4 and 5.10.5 where ring-fencing has occurred, and the risks associated with such settlement; and

[14.30.1.2] 14.30.1.3 in exceptional circumstances extend the times referred to in 14.110, 14.120, 14.130, 14.140 and 14.150.

14.30.2 The settlement authority shall have the power to –

14.30.2.8 impose penalties, as prescribed by directive, on members for any action or omission by a member which is potentially disruptive and/or has the effect of disrupting the settlement process and the functions of the settlement authority; [and]

14.30.2.9 invite a member or a client (via the member) to close a purchase or sale transaction at a price and on the basis set out in rule 14.150; and

14.30.2.10 manage the settlement of transactions where ring-fencing has occurred.

14.120.4 Notwithstanding 14.120.3, in the continued absence of a commitment from the CSD participant of the non-controlled client, the member which effected the transaction shall by no later than [12h00] 10h00 on the fourth business day after the trade date proceed in the manner set out in 14.120.5.

14.120.5 Subject to the provisions of 14.120.3 and 14.120.4, in the event of failure by a non-controlled client to comply with the provisions of 14.120.2 –

14.120.5.1 the member which effected the transaction on behalf of the non-controlled client shall, as at [12h00] 10h00 on the fourth business day after the trade date, assume, as principal, the rights and obligations of the non-controlled client in respect of the said transaction, including the obligation to settle the transaction;

14.130.3 Notwithstanding 14.130.2, in the event that the client continues to fail to place the member in a position where the member is able to settle the transaction on the clients behalf, the member which effected the transaction shall by no later than [12h00] 10h00 on the fourth business day after the trade date proceed in the manner set out in 14.130.4.

14.130.4 Subject to the provisions of 14.130.2 and 14.130.3, in the event of a failure by a controlled client to comply with the provisions of 14.130.1–

14.130.4.1 the member which effected the transaction on behalf of the controlled client shall, as at [12h00] 10h00 on the fourth business day after the trade date, assume, as principal, the rights and obligations of the controlled client in respect of the said transaction, including the obligation to settle the transaction;

14.140.6 In the event that a client fails to comply with the provisions of 14.120.2 or 14.130.1, the member shall, as at [12h00] 10h00 on the fourth business day after the trade date, be liable, as principal, to settle the relevant transaction.

14.140.7 A member shall, by no later than [14h00] 12h00 on the fourth business day after the trade date, ensure that the CSD participant of the member commits to settle any transactions, in respect of non-controlled clients, that the member is obliged to settle in terms of 14.140.6.

14.140.11 Notwithstanding 14.140.8, in the event that -

14.140.11.1 the CSD participant of a non-controlled client fails to commit to settle a transaction by [~~11h00~~] 09h00 on the fourth business day after the trade date; or

14.140.11.2 a controlled client fails to ensure that a member is in a position to settle a transaction by [~~12h00~~] 10h00 on the fourth business day after the trade date,

the member shall,