

**BOARD NOTICE 25 OF 2003****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 TO THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA****1. PROPOSED AMENDMENTS TO SECTION 2 – INTERPRETATIONS AND DEFINITIONS**

2.40 **[“balance receipt” means an official receipt issued by the company in respect of securities represented in the share certificate lodged with it which are in excess of the quantity of securities represented in certified transfer deeds issued against such share certificate; ]**

“bonds” means any securities issued by the Government of the Republic of South Africa or any statutory body, municipality, local authority or other similar body or institution recognised by the **[Bond Market Exchange] Bond Exchange of South Africa** as an issuer of such securities and shall include any debt securities;

**[“brokers transfer form” means the brokers transfer form prescribed by the Companies Act, 1973, as amended or replaced from time to time; ]**

**[“certified transfer deed” means a securities transfer form or a brokers transfer form unaccompanied by a share certificate, bearing a certification by or on behalf of the company whose securities are represented in the transfer deed that the relevant share certificate has been lodged with the company; ]**

**[“Clearing House security” means any security which has been or is to be cleared through the Clearing House; ]**

**["contract value" means the consideration due to be paid by the purchasing member to the selling member in respect of any transaction for the purchase of securities;]**

**"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:**

- (a) exercise custody over that member's managed account, safe custody and controlled account assets; and [to]**
- (b) effect settlement of [certificated and] uncertificated securities on behalf of that member and its clients;**

**"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;**

**"Guarantee Fund" means the [Johannesburg Stock Exchange] JSE Guarantee Fund;**

**["immediate deal" means a transaction in a listed security where delivery is to take place before the next settlement period; ]**

**["incidental accrual" means any one or more of the rights or benefits which flow from the ownership of the securities with which the rights or benefits are integrated and any other rights or benefits accruing in respect of such securities other than the right to ownership of the securities themselves (see rule 5.120.8);]**

**["JET Trader Workstation" means a personal computer with JET Trader Workstation Software installed;]**

**["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 JSE trading system;]**

**"JSE settlement system" means the computer system or systems and associated network or networks operated or used by the JSE for the purpose of settling transactions;**

**["letter of acceptance" means a letter of right; ]**

**["letter of allocation" means a letter of right;]**

**["letter of allotment" means a letter of right; ]**

**["letter of right" means a document (normally renounceable) relating to an offer by a company to take up securities at a specified price and before a specified date and may be either nil paid, partly paid or fully paid; ]**

**"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 JSE trading system;**

"minimum cover", in relation to any amount, means securities of which the prices are quoted in the list issued under the authority of the JSE [or bonds of which the prices are quoted in the list issued under the authority of the Bond Exchange of South Africa] and which are of a value of not less than that amount and for the purposes of this definition the value of securities [or bonds] shall be deemed to be 50 per cent of the amount they would realise at the buyers' price thereof last so quoted, or the other percentage or different percentages of the last-mentioned amount which the JSE may prescribe;

**["monetary accrual" means an incidental accrual involving the payment of money ]**

**["overs and unders" means the cash difference between the contract value and the settlement value of bargains;]**

**["portfolio" means a list of investments which**

- has a minimum value of R15 million; and
- comprises at least 10 different securities none of which exceeds 25% of the total value of the portfolio;]

**"portfolio transaction or portfolio trade" means a transaction where a broking member (equities) trades as an agent in a [portfolio] list of investments which**

- has a minimum value of R15 million; and
- comprises at least 10 different securities none of which exceeds 25% of the total value of the portfolio;

**["record date" in relation to a company means the last day to lodge securities for registration prior to the accrual of an incidental accrual;]**

**["right" means an entitlement, represented by a letter of right, flowing from an existing holding of securities;]**

**["rights issue" means an issue of rights;]**

**["scrip accrual" means an incidental accrual settled by delivery of fully paid scrip or a nil paid document of title of limited duration, whichever is applicable;]**

**"securities" shall mean those securities as defined in section 1 of the Act which are listed securities [and where applicable, shall include documents of title thereto] ;**

**["securities transfer form" means the securities transfer form prescribed by the Companies Act, 1973, as amended from time to time;]**

**["securities transfer stamp" – see 5.80.11;]**

**["sellers option time bargain" means a transaction that has been executed on the condition that such transaction shall be settled in the thirteenth settlement period after the contract is made, or such earlier period as may be specified by the seller;]**

**"settlement officer" means an employee of a broking member (equities) appointed by that member in terms of the rules to ensure that all transactions in [securities and] STRATE approved securities and Krugerrands entered into by that member are settled in terms of the rules and directives;**

"settlement period" means one of the prescribed portions of the year for the settlement of [bargains] Krugerrands;

["settlement price" in respect of each Clearing House security means the price determined by the Clearing House for use in the settlement of bargains in that security in a particular settlement period;]

["settlement value" means the multiple of the settlement price and the units of security involved;]

["settlement system" means a system referred to in Section 11 and shall include STRATE;]

["temporary document of title" means a certified transfer deed or balance receipt or any instrument of transfer endorsed in terms of Section 136 of the Companies Act, 1973, or any other form of company acknowledgement or document of title approved by the Committee;]

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

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.

## 3. PROPOSED AMENDMENTS TO SECTION 5 – TRANSACTIONS, TRADING PROCEDURES AND DISPUTES

5.10.2 Reserved [No broking member (equities) shall be entitled to stop payment of any cheque given to another broking member (equities) or to a JSE settlement system].

5.50.10.4 When an order is executed with a combination of agency and principal capacities, separate [brokers] contract notes must be issued for the agency and principal portions, clearly indicating the capacity in each case.

5.50.10.5 A broking member (equities) may not make a profit in respect of an agency transaction other than the brokerage, the amount of which must be reflected on the [broker's] contract note.

5.60.7 Reserved [Every stock exchange transaction shall be subject to the condition that no client or counterparty shall be entitled to claim or demand from a broking member (equities) scrip which can be related to or identified with any specific transaction, nor may a client or counterparty of a selling broking member (equities) insist that the scrip it delivers shall be delivered to a specific broking member (equities) in settlement of a particular transaction.]

5.80 Reserved [Good Delivery

5.80.1 A broking member (equities) shall be responsible for the genuineness and regularity of every document, including a

document of title, delivered by it in respect of a stock exchange transaction.

- 5.80.2 It shall be the duty of a seller to ensure that good delivery of securities is made and it shall be the duty of a buyer on behalf of a client or counterparty to make good delivery to such client or counterparty or to his order.
- 5.80.3 For the purpose of these rules "good delivery" means the delivery of every document, including a document of title, required by the buyer to effect transfer into his name of the securities bought without the further assistance of the seller.
- 5.80.4 The JSE settlement system shall not be responsible for rectifying or ensuring rectification of faulty or tainted scrip delivered to it.
- 5.80.5 Any return and replacement of faulty or tainted scrip shall be effected through the relevant settlement system.
- 5.80.6 The JSE may from time to time prescribe –
- 5.80.6.1 a document to be used and the procedure to be followed by a broking member (equities) for the transfer and good delivery of securities; and
- 5.80.6.2 the quantities and denominations in which securities are to be delivered and accepted as full or part delivery.
- 5.80.7 A broking member (equities) shall refer any dispute regarding good delivery to the Market Controller for a ruling.
- 5.80.8 Immediately a broking member (equities) has reason to believe or it comes to its notice that any document of title relating to any securities in its possession or which has passed through its hands or otherwise been dealt with by it, has been stolen or otherwise misappropriated, such broking member (equities) shall report that fact, in writing, to the Market Controller. Such report shall be accompanied by a schedule of the securities concerned and shall give all such particulars and other relevant information relating thereto as may be known to it, including the approximate date of the theft or misappropriation. The information and particulars will in each case be reported to the broking members (equities) by means of the JSE Gazette and on receipt of same, broking members (equities) shall forthwith cause a search of their registers and other records to be made. Should it be found that any such document of title is in their possession or has passed through their hands or otherwise has been dealt with, the broking members (equities) concerned shall forthwith so advise the Market Controller in writing, furnishing him with all relevant information.
- 5.80.9
- 5.80.9.1 A broking member (equities) which receives faulty or tainted scrip shall have recourse against the broking member (equities) which delivered such scrip to it.
- 5.80.9.2 Where a broking member (equities) has introduced faulty or tainted scrip and before replacing such scrip has been declared a defaulter or where a

broking member (equities) ceases to operate as such by death or by expulsion, the JSE shall replace such scrip to the broking member (equities) which first received it against—

5.80.9.2.1 delivery to the JSE of the defective scrip and transfer deeds; and

5.80.9.2.2 cession to the JSE of all rights of the broking member (equities) which first received the faulty or tainted scrip in respect of such scrip, whether against the broking member (equities) which delivered such scrip to it or that broking member's (equities) insurers or against any other party.

5.80.10 Where any securities are sold which cannot be acquired or cannot be transferred without the consent or approval of the directors or of any representative of the company or association concerned, the buying broking member (equities) shall be responsible for obtaining such consent or approval.

5.80.11 5.80.11.1 For the purpose of these rules, a "securities transfer stamp" is the rubber stamp which is used on transfer forms and similar documents by the broking member (equities) or other agent which name and authorised signature it bears, and which indicates that the broking member (equities) or agent warrants

5.80.11.1.1 the authenticity of the signature of the transferor or other signatory;

5.80.11.1.2 the power of the transferor or other signatory to sign and to contract;

5.80.11.1.3 the validity of any power of attorney;

5.80.11.1.4 the authority of signatories of any company to sign on its behalf.

5.80.11.2 No broking member (equities) shall use upon or cause to be used upon any transfer form or similar document a securities transfer stamp unless the dimensions and text of the stamp conform with 5.80.14.

5.80.12 The signature by or on behalf of the deliverer or seller in the appropriate blank space provided in a securities transfer stamp shall be either autographic or a facsimile signature.

5.80.13 Where another agent such as a bank, accountant or attorney, has placed his stamp on the face of the securities transfer form, the broking member (equities) which introduces such scrip to the

market shall place its stamp on the back of the form in the same approximate position.

- 5.80.14 The dimensions and text of the securities transfer stamp shall be as follows:

5 cm

4.5 cm	<p><b>STAMP APPROVED FOR USE ON TRANSFER DEEDS</b>  <b>(Full Name of Member)</b></p> <p>.....  <b>Member of The Johannesburg Stock Exchange</b></p> <p>.....  <b>(Postal Address)</b></p> <p>.....  <b>(Authorised Signature)</b></p>
--------	---

]

- 5.90 Reserved [Part Deliveries

All persons entering into a transaction on the JSE shall be obliged to accept a part delivery of a settlement system delivery instruction or of a purchase transaction and the JSE shall determine the conditions and extent to which part deliveries shall be made.]

- 5.95 Reserved [Delivery of Securities between broking members (equities) and other persons

5.95.1 Where securities and other items are not subject to settlement through a settlement system, such deliveries shall take place on any trading day from 07h30 to 14h00 and shall be accepted by the recipient.

5.95.2 This rule shall be binding in respect of deliveries between broking members (equities) and in respect of deliveries between a broking member (equities) and any other person who enters into transactions on the JSE including an agent acting on behalf of such a person.]

- 5.96 Reserved [Notice of intention to deliver securities

5.96.1 If a broking member (equities) buys securities on behalf of a person and such person including an agent acting on behalf of such a person is required in terms of Section 22(1)(b) of the Act to pay to the broking member (equities) the purchase price in cash against offer of these securities, the broking member

(equities) shall on the day of receipt of the securities and by no later than 13h30 give prior notice to such person of the intended delivery on that day.

5.96.2 If a broking member (equities) sells securities on behalf of a person including an agent acting on behalf of such a person who is not a broking member (equities) and the broking member (equities) is required to pay such person against offer of these securities, such person shall on the day of delivery of the securities and by no later than 13h30 give prior notice to the broking member (equities) of the intended delivery on that day.]

5.100 Reserved [Settlement of Transactions

5.100.1 If a broking member (equities) sells any securities on behalf of any person or purchases any securities from a counterparty, such person shall deliver the securities in negotiable form to that broking member (equities). Unless there is an arrangement under 5.180, such broking member (equities) shall forthwith, but not before such delivery, pay to such person or his order the amount payable for such securities in full or alternatively any resulting credit balance in the account of such person with the broking member (equities); provided that –

5.100.1.1 where a person delivers securities to a broking member (equities) in the form of a document which shows title to more securities than have been sold or if the correct number of securities are delivered but in the form of a company office counter receipt with a signed transfer deed attached, then, unless the receiving broking member (equities), client or counterparty is willing to accept the scrip in that form, payment shall not be made to that person until such time as the broking member (equities) receives from the company's transfer office scrip which is good delivery to the market;

5.100.1.2 such payment shall not be made prior to the settlement period stipulated in terms of the bargain unless in special circumstances the General Manager otherwise agrees.

5.100.2 The retention for the account of such person by the broking member (equities) of so much of the amount payable as is required, in terms of a written instruction given by such person to the broking member (equities) for the purchase of other securities immediately following the delivery of the securities sold shall constitute payment by the broking member (equities) for the securities sold and the provisions of 5.180 shall apply mutatis mutandis to the money retained for payment for securities purchased or to be purchased.

5.100.3 The provisions of 5.100.1 shall not apply –

5.100.3.1 if the person on whose behalf the securities are sold is another broking member (equities) or is a foreign dealer; or

- 5.100.3.2** where a managed account is involved.
- 5.100.4** A broking member (equities) to whom securities are due to be delivered (the receiver) in terms of such broking member's (equities) Clearing House settlement statement (with the exception of those securities designated as illiquid securities in terms of 5.50.18 and being in respect of odd lot transactions to be satisfied by the odd lot specialist) may, on or before 10h00 on the business day next following the day of issue of the settlement statement, give notice in writing to the broking member (equities) which is responsible for delivery (the deliverer) that the receiver requires delivery during the current settlement period, which the deliverer shall acknowledge by signing and returning a copy of such notice as soon as reasonably possible.
- 5.100.5** The receiver shall have the right to request the Market Controller in writing to cause such securities to be bought in for the account of the deliverer should the deliverer fail to deliver by 12h30 on the last day of the settlement period in which such notice is given.
- 5.100.6** In circumstances, other than those described in 5.100.4 where any securities cannot be obtained for delivery in terms of any outstanding bargain except at a price which is considered by the delivering broking member (equities) to be unreasonable, the delivering broking member (equities) shall have the right to request the Market Controller in writing to cause the securities to be bought in for the account of such broking member (equities) in which event the provisions of 5.100.9.2 shall not be applicable.
- 5.100.7** When a deal in listed securities is not subject to settlement in terms of an instruction from a JSE settlement system and the relative securities are not delivered in terms of such deal, the purchaser or receiver shall have the right to cause the securities to be bought in for the account of the seller or deliverer, and the provisions of 5.100.4 to 5.100.6 shall apply *mutatis mutandis*.
- 5.100.8** A broking member (equities) issuing a calling-up notice in terms of 5.100.4 to 5.100.6 or 5.100.7 shall be obliged to accept a part delivery. Such part delivery shall not restrict the right of such broking member (equities) to have the undelivered balance of the securities bought in.
- 5.100.9** A request to buy in securities which are subject to settlement through a JSE settlement system shall be –
- 5.100.9.1** submitted by not later than 14h30 on the business day referred to in 5.100.4;
- 5.100.9.2** accompanied by a photostat copy of the calling-up notice evidencing the signature of the deliverer.
- 5.100.10** Upon the receipt of a notice/request in terms of 5.100.5 or 5.100.6, the Market Controller shall forthwith advise the

delivering broking member (equities) concerned of the receipt of such request to buy in and shall instruct such broking member (equities) to immediately buy in the securities by entering an appropriate order in the JSE trading system special terms order book. The Market Controller shall advise the delivering broking member (equities) of a best bid to be applied to the securities to be bought in, such bid to be established by the Market Controller in liaison with the Chairman or, in his absence, a member of the Board.

- 5.100.11 If, in the opinion of the Market Controller, the price to be paid for the securities is excessive or if such securities are unobtainable through the JSE trading system by mid-day on the trading day following the day on which the order was entered, the Market Controller may request the General Manager to forthwith convene a meeting of the JSE executive to decide upon a price at which the difference due by the deliverer/seller to the receiver/purchaser or vice versa, shall be determined. Once the JSE executive has determined such differences, these shall be settled by not later than 12h30 on the business day following the date of the JSE executive's determination.
- 5.100.12 The broking member (equities) against which the securities have been bought in, upon receiving them, shall deliver such securities to the broking member (equities) which requested the buy in. Delivery shall be effected through the relevant JSE settlement system notwithstanding any changed instructions which may subsequently have been issued by the JSE settlement system.
- 5.100.13 A calling-up notice cannot be invalidated by any purchase effected by the delivering broking member (equities) for settlement through the relevant JSE settlement system.
- 5.100.14 The buying in shall fall away either in whole or in part in respect of such quantities of the relevant securities as the delivering broking member (equities) may have succeeded in delivering to the receiving broking member (equities) prior to 11h00 on the day the securities are due to be bought in.
- 5.100.15 A subsequent changed JSE settlement system delivery instruction does not invalidate the responsibility of the deliverer to deliver in terms of his calling-up notice.
- 5.100.16 Whenever in the opinion of the JSE executive any person has control of a listed security to an extent where the same cannot be obtained for delivery in terms of any outstanding bargain except at a price and on terms dictated by such person, the JSE executive may, in terms of 5.100.18, postpone the time for delivery of and payment for such security in terms of any bargain. The JSE executive may, subject to the provisions of the Act, suspend the listing of such securities.
- 5.100.17 Whenever the JSE executive is of the opinion that any listed securities cannot be obtained except as provided in 5.100.16

and whenever any securities have been removed from the list of securities which may be dealt in on the JSE or whenever any listing in respect thereof has been suspended, the JSE executive may close any outstanding bargains entered into in respect of such securities and all differences shall be settled at a price to be fixed by the JSE executive.

- 5.100.18 Subject to the provisions of the Act, the JSE executive may postpone the time for delivery and payment in terms of any bargain outstanding in respect of any securities and may from time to time further postpone such time until further action is taken by the JSE executive. The JSE executive may also, subject to the provisions of the Act, suspend the listing of any securities for such period as it deems fit and may extend the period of such suspension from time to time. The JSE executive may also close any outstanding bargain in such securities and all differences shall be settled at a price to be fixed by the JSE executive.
- 5.100.19 The JSE executive shall have the power to determine the conditions upon which uncompleted transactions in securities, the listing of which has been terminated or suspended or which is under consideration or investigation, shall be completed. It may in particular, subject to the provisions of the Act, extend or postpone the time for delivery and payment whenever in its opinion such action is called for in the public interest or under just and equitable principles of trade.
- 5.100.20 Rules 5.100.16, 5.100.17, 5.100.18 and 5.100.19 shall be binding upon a broking member (equities) and its client or counterparty.]

5.105 Reserved [Outstanding settlements – STRATE approved securities

In the event that a transaction in a listed security has not been settled by close of business on the fifteenth business day after such listed security has been declared a STRATE approved security in terms of rule 14, the transaction shall, notwithstanding the provisions of rule 5.100, be settled as provided for in rule 14.35.]

5.110 Reserved [JSE settlement systems

- 5.110.1 JSE settlement systems will be open to receive securities from a deliverer between such hours as the JSE may from time to time prescribe.
- 5.110.2 Only securities shown on the settlement statement for the period shall be valid for delivery during that period.
- 5.110.3 If a broking member (equities) sells a security which is not subject to settlement through a JSE settlement system, and on the due date fails to deliver such security to the purchaser during the hours prescribed for delivery, the purchaser need

not accept and pay for the security until the ensuing business day.

- 5.110.4 A broking member (equities) which sells a security and subsequently parts with it (other than to a JSE settlement system) to the purchaser without receiving payment shall be deemed to have given credit for the consideration due.
- 5.110.5 Other than in respect of amounts due from a JSE settlement system, a broking member (equities) may at any time require a bank certified cheque or a bank cheque in payment for the securities sold.]
- 5.120 Reserved [Incidental Accruals
- 5.120.1 Where delivery following a bargain, transacted cum an incidental accrual, takes place at a time that allows the receiver reasonable opportunity to lodge the security for registration on or before the record date, such transactions shall be regarded as closed, and the deliverer shall have no responsibility to the receiver in connection with the incidental accrual. The latter's claim, if any, shall be against the registered holder.
- 5.120.2 Where delivery following a bargain, transacted cum an incidental accrual, takes place on or before the record date but the receiver does not have a reasonable opportunity to lodge the security for registration on the record date, the receiver shall advise the deliverer that he was unable to obtain registration, whereupon responsibility for delivery of such accrual shall rest with the deliverer. Such transaction shall then be deemed to be partially completed and the following shall apply:
- 5.120.2.1 If the incidental accrual is a Monetary Accrual – the deliverer shall pay the receiver such monetary accrual on the first day of the settlement period following the date of payment by the company.
- 5.120.2.2 If the incidental accrual is a Scrip Accrual – the deliverer shall deliver the scrip accrual to the receiver during the settlement period following the date on which the relevant document is ready for issue by the company.
- 5.120.3 The time of delivery of scrip through a JSE settlement system shall be deemed to be the time at which the envelope containing the scrip was delivered to the JSE settlement system.
- 5.120.4 Where cum incidental accrual transactions are due for settlement after the record date of such an incidental accrual, the seller or deliverer shall be responsible for such incidental accrual which shall be implemented as follows:
- 5.120.4.1 If the incidental accrual is a Monetary Accrual – payment shall be made on the first day of the

settlement period following the date of payment by the company –

- 5.120.4.1.1 in Clearing House securities – to the Clearing House for the benefit of the purchaser or receiver;
- 5.120.4.1.2 in all other securities – to the purchaser.
- 5.120.4.2 5.120.4.2.1 If the incidental accrual is a Scrip Accrual it shall become the subject of a new and separate bargain between broking members (equities) which shall be settled in terms of such bargain provided that such bargain shall be due for settlement not earlier than the next settlement period following the date upon which the relevant document of title will be ready for issue. Subject to 5.120.5 the provisions of this rule shall apply to all scrip accruals whether or not the transaction is due for settlement through the Clearing House.
- 5.120.4.2.2 The provisions of the rules which relate to letters of right shall apply, inter alia, to any bargain in nil paid letters of right which arises in circumstances set out in 5.120.4.2.1.
- 5.120.5 In the case of a rights issue where no renounceable letter of right is issued or where the renounceable letter of right is not listed, the purchaser must advise the seller in writing if the purchaser desires to exercise such right and, if so, must tender the subscription money in sufficient time for the right to be protected. Delivery of such letter of right shall be made within seven days of its issue or on completion of the original bargain whichever is the later date.
- 5.120.6 [Reserved]
- 5.120.7 [Reserved]
- 5.120.8 The provisions of 5.120.9 shall govern the procedure for dealing with and the record date for any of the undermentioned benefits, rights, events and other incidental accruals which flow from the ownership of securities:
  - 5.120.8.1 dividend
  - 5.120.8.2 bonus
  - 5.120.8.3 return of capital
  - 5.120.8.4 liquidation distribution
  - 5.120.8.5 interest
  - 5.120.8.6 rights

- 5.120.8.7 conversion right
- 5.120.8.8 capitalisation issue
- 5.120.8.9 reconstruction of capital
- 5.120.8.10 take-over bid
- 5.120.8.11 offer to purchase
- 5.120.8.12 exchange of securities
- 5.120.8.13 amalgamations
- 5.120.8.14 options on securities.

In the event of an incidental accrual which is not provided for above, the security in question will be declared ex such incidental accrual in such manner as the JSE may determine.

5.120.9 Unless otherwise determined by the JSE, the Market Controller shall quote a listed security ex an incidental accrual as follows:

- 5.120.9.1 Where the record date is a date subsequent to the date of declaration and in cases where, in addition, the declaration is subject to confirmation subsequent to the record date, the security shall be declared ex the incidental accrual on the first business day following the record date or the day of receipt of the confirmation by the Market Controller whichever is the earlier: provided that if notification or confirmation from the company is not received by the Market Controller in sufficient time for it to be dealt with at the opening of the market on that day, the security shall be declared ex on the following day.
- 5.120.9.2 Where the record date is a date prior to the date of declaration the security shall be declared ex the incidental accrual on the first business day following the day of receipt by the Market Controller of the company's notification of the declaration or confirmation, but the security may be declared ex the incidental accrual on the day of receipt of notification of the declaration or confirmation, provided it is received in sufficient time for it to be dealt with prior to the opening of the market.
- 5.120.9.3 Where there is an exception to the procedures contained in 5.120.9.1 and 5.120.9.2 it shall be dealt with in such manner as the JSE may determine.

5.120.10 A purchaser of a security cum an incidental accrual shall be entitled to such accrual unless it was specifically excluded at the time of the transaction.]

5.125 Reserved [Incidental Accruals – Responsibilities of Buying and Selling Clients

- 5.125.1 A client buying securities cum an incidental accrual where the accrual is subject to an election option shall, at least 24 hours before the election is due, advise the broking member (equities) through which the securities were purchased of the election choice together with details of the respective bargain to which the election choice relates. The failure of a buying client to timeously advise a broking member (equities) of an election choice in respect of an accrual shall cause the buying client to forfeit the election choice and the buying client shall be bound to accept the default option.
- 5.125.2 A client selling securities cum an incidental accrual shall, within five business days of the posting by the issuer of the relevant share certificate or dividend warrant or other accrual to shareholders, deliver to the broking member (equities) through which the securities were sold, the cash or securities representing the accrual together with details of the respective bargain to which the accrual relates.
- 5.125.3 A selling client shall not be entitled –
- 5.125.3.1 to withhold the proceeds of an incidental accrual pending the submission of a formal claim from the broking member (equities); and
- 5.125.3.2 to set-off the delivery of an incidental accrual in terms of 5.125.2 against an open purchase transaction of similar securities.
- 5.125.4 Notwithstanding the non-receipt of the accrual by the broking member (equities) in terms of 5.125.2 the broking member (equities) shall be obliged within 10 business days of the posting by the issuer of the relevant share certificate or dividend warrant or other accrual to shareholders, to deliver the accrual to the buying client.
- 5.125.5 The provisions of this rule shall be binding on both buying and selling clients and shall apply also to an agent acting on behalf of a client.]
- 5.140.2 Securities 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] 14.70.
- 5.150 Reserved [Minimum Cover – Pledges
- 5.150.1 When securities (which for the purpose of this rule shall include bonds) are deposited by a person 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 his broking member (equities) to lodge with it a pledge in such form as may from time to time be prescribed by the JSE.
- 5.150.2 Every broking member (equities) shall keep a record or register of the pledges so held.

- 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 Any securities deposited or pledged as minimum cover shall be marked by tagging with the client's name and shall be held by the CSM or CSA in a separate deposit account with a bank. Such securities shall be 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 Employees of a CSM and 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 or on behalf of nominee companies shall not be authorised to sign any cheque or other instrument of payment drawn on the account of a broking member (equities) or a nominee company.
- 5.150.6 Where a CSM or a CSA retains securities in safe custody in terms of 5.140.1 they may hold any securities deposited with 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] Contract Notes

- 5.160.1 In respect of a transaction in securities executed through the JSE trading system on behalf of or with a client or a counterparty, a broking member (equities) shall, before 12h00 on the business day following the transaction –
- 5.160.1.1 issue to the client or counterparty a [brokers note or an advice note] contract note; or
- 5.160.1.2 ...
- 5.160.2 The [brokers note, advice note] contract note or electronic confirmation referred to in 5.160.1 shall disclose –
- 5.160.2.1 ...
- 5.160.3 [An advice note] A contract note or electronic confirmation shall not be required where a transaction between broking members (equities) is to be settled through a JSE settlement system.
- 5.160.4 Notwithstanding the provisions of this rule and subject to 14.25.2 and the prior written instruction of a client or counterparty, a broking member (equities) may allocate all transactions executed for a client or with a counterparty to a specifically designated suspense account

in the name of the client or counterparty and issue a single **[brokers note or advice note] contract 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] contract note** or electronic confirmation discloses the following additional information –

5.160.4.1 ...

5.160.5 Notwithstanding the provisions of this rule and subject to 14.25.2 and the prior written instruction of an approved **[portfolio] investment manager** or on the instruction of an employee who manages discretionary managed **[accounts] portfolios**, a broking member (equities) may allocate all transactions executed for such **[managed] accounts** to a specifically designated suspense account and issue single **[brokers notes] contract 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] contract notes** or electronic confirmations disclose the following additional information –

5.160.5.1 ...

5.180 Reserved **[Arrangements other than Managed Accounts]**

5.180.1 Where a broking member (equities) and a client or counterparty (other than a foreign dealer or another broking member (equities)) enter into an arrangement whereby the broking member (equities) holds on behalf of the client or counterparty securities for the purpose of selling the same (and where such arrangement is not a managed account or one whereby securities are held as minimum cover or in safe custody) and where the proposed sale has not been transacted by the close of business on the last day of the settlement period during which such securities were received, the following provisions shall apply:

5.180.1.1 any securities so held by the broking member (equities) on behalf of the client or counterparty shall forthwith be delivered to such client or counterparty or to his order, or be deposited by the broking member (equities) on behalf of the client or counterparty in safe custody with a banking institution and the provisions of 5.140.9, 5.140.10 and 5.140.11 only shall apply thereto;

5.180.1.2 any securities held in terms of 5.180.1.1 at the close of business on the last day of the fourth settlement period following the settlement period in which such securities were received by the broking member (equities) shall forthwith be returned to the client.

5.180.2 Where a broking member (equities) and a client or counterparty (other than a foreign dealer or another broking member (equities)) enter into an arrangement whereby the broking

member (equities) holds on behalf of the client or counterparty cash for the purpose of buying securities (and where such arrangement is not a managed account) any cash so held at the close of business on the last day of the fourth settlement period following the settlement period in which such cash was received by the broking member (equities), shall forthwith be returned to the client or counterparty.]

5.190 Reserved [Cash Dividends and other Monetary Accruals

5.190.1 Where a broking member (equities) receives a cash dividend or other monetary accrual on behalf of a client or counterparty whose account is not a managed account, the amount of such dividend or other monetary accrual shall be deposited with JSE Trustees (Pty) Limited for same day value.

5.190.2 Deposits made in terms of 5.190.1 shall be made in terms of a request in writing by the client and for such period as the client may stipulate.

5.190.3 Monies to which the provisions governing a managed account apply, shall not be dealt with in terms of this rule.]

5.230 Borrowing, Lending or Use of Clients' or Counterparties' [**Scrip**] Bonds or Krugerrands

5.230.1 A broking member (equities) shall not borrow or lend or use any [**securities or**] bonds or Krugerrands [referred to in 5.140.2, 5.140.3 or 5.240] held in safe custody except that it may deliver such [**securities or**] bonds or Krugerrands to the client or counterparty on whose behalf they are being held or to his order or to satisfy a sale made on behalf of the client or counterparty concerned or to satisfy [**securities or**] bonds or Krugerrands sold to a counterparty or may accept an offer on behalf of a client or counterparty where such offer flows from the [**securities or**] bonds or Krugerrands held or may otherwise deal with the [**securities or**] bonds or Krugerrands in a manner set forth in the mandate signed by the client or counterparty and held by the broking member (equities) in terms of 5.140 [or any pledge held in terms of 5.150]. Notwithstanding anything contained in this rule a broking member (equities) shall have the right to sell the [**securities or bonds**] Krugerrands which are being held on behalf of a client or counterparty or which have been allocated to a client or counterparty under any of the circumstances set forth in Sections 22, 23, 25 and 27 of the Act [or 5.300 or in any pledge].

5.230.2 Notwithstanding the provisions of 5.230.1, a broking member (equities) may, in isolated cases, be permitted by the JSE with the written agreement of the client or counterparty (which shall not be required by the broking member (equities) as a condition precedent to transacting business on behalf of the client) to utilise the client's or counterparty's [**securities or**] bonds or Krugerrands for specified purposes. The agreement shall be subject to the prior approval of the JSE and shall stipulate the number of [**bonds**] Krugerrands or

nominal value of bonds which may be used by the broking member (equities), the name of the issuer of such **[securities or]** bonds and the purposes for which such **[securities or]** bonds or Krugerrands may be used.

5.240 Reserved **[Allocation of Securities]**

5.240.1 All securities purchased on behalf of clients or sold to a counterparty which come into the possession of a broking member (equities) shall be allocated as soon as is practicable so as to establish the identity of the purchaser entitled thereto and such securities, being fully paid for and not the subject of any lien or charge in favour of the broking member (equities), (other than those referred to in 5.140.2 and 5.140.3), shall—

5.240.1.1 be delivered to the purchaser without delay in terms of such delivery instructions as may be agreed between the client or counterparty and the broking member (equities); or

5.240.1.2 in the absence of any delivery instructions, be held by the broking member (equities) in safe custody in terms of 5.140 pending the receipt of delivery instructions or collection of the securities by the client or counterparty.

5.240.2 The provisions of 5.140.5 shall not apply to securities held in safe custody in terms of 5.240.1.2.]

5.260.12 [[Reserved]] Disputes between members arising out of the settlement of Krugerrand transactions, must be referred to the Market Controller who will give a ruling on such disputes. This ruling will be final and binding on the members, clients and counterparties and shall also apply to an agent acting on behalf of a client or a counterparty.

5.260.13 [[Reserved]] Transactions in Krugerrands will be subject to the condition that no client or counterparty will be entitled to claim or demand from a broking member (equities) Krugerrands which can be related to or identified with any specific transaction, nor may a client or counterparty of a selling broking member (equities) insist that the Krugerrands it delivers must be delivered to a specific broking member (equities) in settlement of a particular transaction.

5.280.4 Money market instruments purchased on behalf of a client shall either be forwarded to the client or his order forthwith or be held in a safe custody account **[with a banking institution]** in terms of the provisions of 5.140 **[rules 5.140.1 to 5.140.4, 5.140.7, 5.140.8, 5.140.10, 5.140.11, 5.140.12 and 5.140.13]** on behalf of the client. The broking member's (equities) records and the **[BDA]** statement sent to clients shall reflect such a holding.

5.300 Reserved **[Minimum Cover]**

**5.300.1** No broking member (equities) shall return securities (which for the purpose of this rule shall include bonds) deposited with it or held by it as minimum cover under section 23 of the Act, or any part thereof, to the depositor or person on whose behalf the securities are so held as minimum cover, or deliver them to any other person to be held or dealt with on behalf of or for the benefit of the depositor or person on whose behalf the securities are so held as minimum cover, if the effect of the return or delivery of the securities would be to reduce the value of the securities held by the broking member (equities) concerned in respect of the amount owing to it by the depositor or person on whose behalf the securities are so held as minimum cover, below the value necessary to provide minimum cover in respect of the said amount.

**5.300.2** If securities are held by a broking member (equities) as minimum cover in relation to an amount owing to it, and if –

**5.300.2.1** by reason of a fall of the buyers' price contemplated in the definition of "minimum cover" in 2.40, of those securities, the securities concerned are insufficient to be minimum cover for that amount; and

**5.300.2.2** the person owing that amount does not within a period of three business days after those securities have become insufficient so to be minimum cover, by a reduction of the amount owing by him or by the provision of additional securities provide minimum cover for the amount owing by him,

the broking member (equities) shall on the next succeeding business day after the day of the expiration of the period referred to in 5.300.2.2 or as soon thereafter as the JSE may allow in the particular case, sell for the account of that person so much of those securities as is necessary to make, as far as possible, the securities not so sold sufficient to provide minimum cover in relation to the amount still owing to it after the sale.]

**5.310** Reserved [Restrictions on Loans by Broking member (equities)]

**5.310.1** No broking member (equities) shall in the course of his business lend money to any person against any security other than listed securities or bonds.

**5.310.2** No broking member (equities) shall in the course of its business –

**5.310.2.1** lend any amount to any person unless that person has deposited with it such securities or bonds as may be necessary to provide minimum cover in respect of that amount; or

**5.310.2.2** if any person is indebted to it in respect of a previous loan made in the course of its business, lend any amount to that person, unless that person

has deposited with it such securities or bonds as (either alone or together with other securities or bonds which may be held by the broking member (equities)) may be necessary to provide minimum cover in respect of the aggregate of that amount and of the debt.

5.310.3 The provisions of 5.300.1 shall mutatis mutandis apply to the securities or bonds so deposited.

5.310.4 The provisions of this section shall not apply –

5.310.4.1 if the lender and the borrower concerned are broking members (equities);

5.310.4.2 with reference to a deposit made by a broking member (equities) with a bank;

5.310.4.3 with reference to a loan made to the JSE by a broking member (equities); and

5.310.4.4 with reference to a loan made by a broking member (equities) for purposes other than the buying and selling of securities.]

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, 14.60.7 and 14.60.8 the joint signatories referred to therein shall be –

5.320.1 . . .

#### 4. PROPOSED AMENDMENTS TO SECTION 8 – DEFAULTS/DEATHS

8.60.4.6 [Subject to the provisions of 5.120.1, in] In cases where a [monetary accrual] cash entitlement is due by the defaulter on an open transaction, whether or not the [accrual] entitlement has been paid by the issuer, the broking member (equities) to whom the [accrual] entitlement is due shall claim on the defaulter's Stock Exchange Estate for the amount of the [accrual] entitlement.

#### 5. PROPOSED AMENDMENTS TO SECTION 11 – SETTLEMENT SYSTEMS

11.10 [11.10.1] The JSE may operate, or contract with a third party to operate, one or more settlement systems for broking members (equities) and the JSE shall have the power from time to time to prescribe –

11.10.1 [11.10.1.1] procedures and requirements with which broking members (equities) shall comply when using such settlement systems; and

- 11.10.2 [11.10.1.2] the fees payable by the broking members (equities) for the use of [each] such settlement systems.
- [11.10.2 The JSE shall have a lien on any and all securities and other property of any broking member (equities) held by any settlement system at any time for the account of a broking member (equities) as security for all amounts due or which may from time to time become due to it by the said broking member (equities).]
- [11.10.3 A broking member (equities) shall pay to the JSE interest at prime overdraft rate in respect of any amount payable to a settlement system for securities uplifted from that settlement system and not paid for timeously.]
- [11.10.4 In the settlement of transactions in securities, the JSE shall be the agent for the broking members (equities) concerned.]
- [11.20 "The Clearing House" means the settlement system through the medium of which all transactions in Clearing House securities are settled, and the following shall apply:
- 11.20.1 a broking member (Equities) shall receive or deliver only the net balance of a particular security or incidental accrual as a consequence of its trading for settlement in the next settlement period, together with any undelivered items from previous settlement periods;
- 11.20.2 all net cash payments shall be made to and by the Clearing House and scrip balance delivered to or received from the Clearing House;
- 11.20.3 the Clearing House shall nominate broking members (equities) which receive or deliver scrip, irrespective of who were the counterparties to the transactions being settled.]

#### 6. PROPOSED AMENDMENTS TO SECTION 12 – JSE TRUSTEES (PTY) LIMITED

- 12.40 The company shall accept from broking members (equities) all monies arising from time to time from managed and/or controlled accounts operated by broking members (equities) on behalf of clients or counterparties and from arrangements of the kind referred to in 5.170, [5.180, 5.190,] 5.200, 5.210, 5.220 and 5.225 and shall repay to such broking members (equities) or their order, monies so accepted.

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

- 14.10.3 Without limiting the generality of rule 14.10.2, rules [5.80, 5.90, 5.95, 5.100, 5.110,] 5.140, [, 5.150, ] 5.170 [, 5.180, 5.190,] and 5.230 [, 5.240 and 11.10.4] do not apply to STRATE approved securities.

- 14.25.2.3 transactions which are ring-fenced may be linked, but will not be netted with [or linked in

any way to] another batch or batches of the same uncertificated security.

**[14.35 Outstanding Settlements in Respect of Listed Securities that, Subsequent to the Transaction in Question, have been Declared a STRATE Approved Security**

**14.35.1** In the event that a transaction in a listed security, which is a STRATE approved security, has not been settled by close of business on the fifteenth business day after such listed security has been declared a STRATE approved security, the settlement authority shall be entitled to take such steps and issue such instructions as the settlement authority may deem necessary to ensure that settlement of the said transaction is effected as soon as practicable

**14.35.2** Rule 14.35.1 shall be binding on a member and on both buying and selling clients or counterparties and shall also apply to an agent acting on behalf of a client or counterparty.]

**14.40.3** [From the time of designation of a security as a STRATE approved security and thereafter, all] All transactions in [uncertificated] STRATE approved securities shall only be conducted through the JSE trading system.

**14.60.10** All cash . .

**14.60.11** The difference between the total of the individual clients' cash balances on all controlled client accounts in the books of account of the 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.

**14.60.12[11]** Every CSM and CSA shall send monthly statements of account to controlled clients and shall include approved wording to the effect that the cash credit balance reflected on the statement is held by JSE Trustees (Pty) Limited.

**14.60.13[12]** Where a STRATE approved security is received from a controlled client for retention in custody a dated and signed receipt recording the name, quantity, certificate number (where applicable) and registered holder of the security shall be issued forthwith.

**14.70 Minimum Cover[ – Pledges]**

**14.70.1** Every CSM or CSA shall record in the nominee register those securities which are 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. Full details of any change in the uncertificated securities held on behalf of a client shall be recorded forthwith in the nominee register.

**14.70.2** Securities held as minimum cover in terms of Section 23(1) and (2)

of the Act, or otherwise as security for a loan may only be held in the manner and on the conditions prescribed in 14.60.

14.70.3 No broking member (equities) may return securities deposited with it or held by it as minimum cover under section 23 of the Act, or any part thereof, to the depositor or person on whose behalf the securities are so held as minimum cover, or deliver them to any other person to be held or dealt with on behalf of or for the benefit of the depositor or person on whose behalf the securities are so held as minimum cover, if the effect of the return or delivery of the securities would be to reduce the value of the securities held by the broking member (equities) concerned in respect of the amount owing to it by the depositor or person on whose behalf the securities are so held as minimum cover, below the value necessary to provide minimum cover in respect of the said amount.

14.70.4 If securities are held by a broking member (equities) as minimum cover in relation to an amount owing to it, and if –

14.70.4.1 by reason of a fall of the buyers' price contemplated in the definition of "minimum cover" in 2.40, of those securities, the securities concerned are insufficient to be minimum cover for that amount; and

14.70.4.2 the person owing that amount does not within a period of three business days after those securities have become insufficient so to be minimum cover, by a reduction of the amount owing by him or by the provision of additional securities provide minimum cover for the amount owing by him.

the broking member (equities) will on the next succeeding business day after the day of the expiration of the period referred to in 14.70.4.2 or as soon thereafter as the JSE may allow in the particular case, sell for the account of that person so much of those securities as is necessary to make, as far as possible, the securities not so sold sufficient to provide minimum cover in relation to the amount still owing to it after the sale.

14.70.[2]5 When uncertificated securities of a client are designated in a nominee register as minimum cover, the client may be required by the broking member (equities) to lodge with it a pledge in such form as may be prescribed by the JSE from time to time.

14.70.[3]6 Every broking member(equities) shall keep a record or register of the pledges so held.

14.80.5 Every member must distinguish, in its books of account, those managed portfolio accounts operated in terms hereof so that they can be easily identified as such at all times.

14.90.4 sell the uncertificated securities being held on behalf of or allocated to a client or counterparty, under any of the circumstances set forth in sections 22, 23, 25 and 27 of the Act or 14.140,14.150 [or 5.300 or in any pledge]; or

- 14.110.1 **[From the time of designation of a security as a STRATE approved security and thereafter, all] All transactions in [uncertificated] STRATE approved securities shall only be settled electronically through STRATE in accordance with the principles set out in 14.25.**

**8. PROPOSED AMENDMENTS TO SECTION 15 – CORPORATE ACTIONS RULES**

- 15.10.1 Section 15 shall apply to corporate actions on STRATE approved securities.
- [15.10.2 Where the provisions of any rules are not expressly or impliedly amended by the provisions of section 15 or where section 15 does not exclude the applicability of any other rule, the rules, where appropriate, shall apply to corporate actions on STRATE approved securities in the same manner as the rules apply to incidental accruals.**
- 15.10.3 **Without limiting the generality of rule 15.10.2, rules 5.120 and 5.125 do not apply to corporate actions on STRATE approved securities.]**