

NOTICE 2331 OF 2003**FINANCIAL MARKETS CONTROL ACT, 1989 (ACT NO 55 OF 1989)
AMENDMENT OF RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA**

1. In terms of section 17(3) of the Financial Markets Control Act, 1989 (Act No 55 of 1989), it is hereby notified that the JSE Securities Exchange South Africa has applied to the Registrar of Financial Markets for approval to make amendments to its rules, as set forth in the Schedule hereto.
2. In terms of section 17(3) of the said Act all interested persons (other than members of the JSE Securities Exchange South Africa) who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Financial Markets, P O Box 35655, Menlo Park, 0102, within a period of 30 days from the date of publication of this notice.

J VAN ROOYEN**REGISTRAR OF FINANCIAL MARKETS****SCHEDULE**

General explanatory notes:

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

AMENDMENT OF THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA**1. PROPOSED AMENDMENTS TO SECTION 1 – DEFINITIONS****“APD”**

means the Agricultural Products Division of the JSE;

“APD hedging positions”

means positions in futures or options on the JSE, where such positions normally represent a substitute for positions to be made or positions to be taken at a later time in a physical commodity, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise;

“APD spot month limit”

means the spot month futures equivalent position limit net long or short effective at the start of trading on the first delivery day of the spot month as determined by the Executive Committee;

“APD Single Month Limit”

means the futures equivalent position limit net long or short in any one month other than the spot month as determined by the Executive Committee;

"APD all month limit"

means the futures equivalent position limit either long or short in all months as determined by the Executive Committee;

"APD futures equivalent positions"

means the futures positions plus or minus option contracts that have been adjusted for the delta coefficient as calculated at the close of trading by the JSE;

(a) long futures contracts must have a positive delta factor of +1 and short futures shall have a negative delta factor of -1;

(b) long call option and short put option positions must have a positive delta factor; and

(c) short call option and long put option positions must have a negative delta factor;

"FDD"

means the Financial Derivatives Division of the JSE

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

3.70.6 The JSE may request members or clients to provide it with written statements in relation to APD positions owned, controlled or carried by the member or a client of the member. On receipt of a written request from the JSE, a member or client must within two business days, furnish the JSE with a written statement in the manner and form, prescribed by the JSE. Statements submitted to the JSE must include information necessary to enable the clearinghouse, or any person or committee authorised by the JSE to make a determination as to whether the relevant position of a member or client should be limited or reduced in terms of Section 10.4 of the Rules.

3. PROPOSED AMENDMENTS TO SECTION 10 – TRADING AND POSITIONS - SUNDRY PROVISIONS**10.40 APD Speculative Position Limits****10.40.1 Net Limits**

No member or client may hold or control positions separately or in combination, net long or net short for the purchase or sale of a commodity for future delivery, or on a futures equivalent basis, options thereon, in excess of the limits as determined by the Executive Committee.

The clearinghouse or any person authorised by the JSE may direct any member owning, controlling or carrying a position for a client, whose total net speculative position as determined by the JSE exceeds the position limits as set by the Executive Committee, to liquidate or otherwise reduce the position within a time period stipulated by the JSE.

10.40.1.1 For the purposes of determining whether a member or client has exceeded these position limits, the JSE must include all positions that such member or client by power of attorney or otherwise, directly or indirectly, owns or controls or where positions are held by two or more persons acting pursuant to an express or implied agreement or understanding, the JSE must treat the trading positions as if they were held or done by a single individual.

10.40.1.2 The term "net" shall mean the long or short position held after offsetting long futures equivalent positions against short futures equivalent positions.

10.40.2 Exceeding Position Limits

The position limits set out in 10.40.1 may be exceeded to the extent that such positions are -

10.40.2.1 bona fide hedging positions in futures and options as defined in Section 1 of the Rules; or

10.40.2.2 spread or arbitrage positions between single months of a futures contract or, on a futures equivalent basis, options thereon, outside of the spot month, provided that such spread or arbitrage positions, when combined with other net positions in the single month, do not exceed the APD all months limit.

10.50 APD Hedging Positions

The primary purpose for hedging positions must be to offset price risks incidental to commercial cash or spot operations. These risks may arise from -

- a. potential changes in the value of assets which a person owns, produces, processes, manufactures or anticipates owning, producing, processing or manufacturing; or
- b. potential changes in the value of liabilities which a person owns or anticipates incurring; or
- c. potential changes in the value of services which a person provides, purchases or anticipates providing or purchasing.

For the purposes of the definition "APD hedging positions" in Section 1 of the Rules, hedging positions include, but are not limited to, the following specific positions:

- (1) Sales for future delivery, purchases of any put options on futures contracts or sales of any call options on futures contracts, which do not exceed in quantity -
 - (i) ownership of the same cash commodity by the same person; and
 - (ii) fixed-price purchases of the same cash commodity by the same person.
- (2) Purchases of any commodity for future delivery, sales of any put options on futures contracts or purchases of any call options on futures contracts, which do not exceed in quantity fixed-price sales of the same cash commodity by the same person;
- (3) Short-hedging positions of unsold anticipated positions or anticipated production of the same commodity by the same person;
- (4) Long-hedging positions of unfilled anticipated requirements of the same cash commodity by the same person for processing, manufacturing or feeding.