

BOARD NOTICE 55 OF 2004
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 In these rules–

"beneficial owner" means a person or entity on whose behalf any security, recorded on a sub-register, is held by a CSD participant in the name of a nominee company owned by the CSD participant, a broking member (equities), a CSM or any other entity;

"cash root" means the funds invested by the ultimate buyer of the uncertificated securities;

"circular" means any document sent to registered owners and beneficial owners of listed securities by an issuer of securities (including notices of meetings), but excluding listing particulars, company reports, proxy forms and corporate action notices;

"Companies Act" means the Companies Act, 1973 (Act No 61 of 1973) and any subsequent amendments thereto;

"company" means a body corporate (wherever incorporated or established) and includes any other legal person, any undertaking, any association of persons or of entities and any trust or similar device (wherever established) that issues securities which are capable of being listed by the JSE;

"company reports" means annual or interim reports and financial statements;

"contract note" means, in respect of trades executed on the JSE trading system by a member on any particular day –

- (a) on behalf of a client or counterparty, a confirmation from the member to the client or counterparty in respect of such trades; and
- (b) on behalf of a member's proprietary account, the aggregate trades executed on such account;

"controlled account" means an account reflecting the uncertificated securities and/or funds of a controlled client or the uncertificated securities of a broking member (equities);

"controlled client" means a client whose funds and uncertificated securities are under the control of a CSM or a CSA or whose settlements take place via the CSD participant of the member as if the client's funds or uncertificated securities were under the control of a CSM or a CSA;

"contractual settlement" means the market convention whereby the parties to a transaction in uncertificated securities have a contractual obligation to cause such transaction to be settled on the settlement day;

"corporate action" means an action, taken by an issuer or any other entity or third party, which affects the registered owner and the beneficial owner of securities in terms of an entitlement;

"CSD participant" means a person accepted by the CSD as a CSD participant in terms of the CSD rules;

"CSD rules" means the rules of the CSD approved in terms of the Custody and Administration of Securities Act, 1992 (Act No. 85 of 1992);

"cum" means including or qualifying for an entitlement arising from a corporate action;

"custody account" means an uncertificated securities account with a CSD participant which reflects the uncertificated securities balances of controlled accounts of a broking member (equities) and through which settlement of uncertificated securities is effected;

"Declaration Date" means the business day determined by the issuer, on which the corporate action (including any condition precedent to which the action is subject) shall be announced and captured in SENS;

"dematerialisation" means the process of converting a STRATE approved security into an uncertificated security;

"direct market access" means the receipt of an order electronically by a broking member (equities) from a client or counterparty and the submission of the order to the JSE trading system by an order entry application operated by the member, without the intervention of a registered securities trader.

"election" means the exercise of any or all of the elective, voting, conversion, redemption or other rights attached to securities;

"Election Date" means the business day by which an election in relation to a corporate action must be received by an issuer;

"election deadline" means the time, as determined by a Directive, on Election Date by which a broking member (equities) or, if applicable, its CSA must convey to a CSD participant an election;

"entitlement" means any one or more of the rights or benefits which flow in respect 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;

"event type" means a classification of a corporate action;

"ex" means excluding or non-qualifying for an entitlement arising from a corporate action;

"failed trade" means a transaction in uncertificated securities which the settlement authority deems to be a failed trade on the basis that neither the client, the member nor the settlement authority is able to ensure that such transaction will settle on the settlement date;

"Finalisation Date" means the business day determined by the issuer on which the details of a corporate action become unconditional in all respects and irrevocable;

"First Day to Trade" means the first business day on which –

- (i) any new securities, arising from a corporate action, are listed and may be traded; and
- (ii) any mother securities are traded "ex";

"funds settlement account" means a funds account with a CSD participant in the name of a broking member (equities) for the exclusive settlement of funds relating to transactions in uncertificated securities;

"holding company" means a company that has one or more subsidiaries;

"issuer" means [an issuer of securities] any company, any class of whose securities has been admitted, or is the subject of an application for admission, in terms of the Listing Requirements;

"Last Day to Trade" means the last business day to trade in securities, which are subject to a corporate action, in order to ensure settlement on RD and to qualify for the entitlement;

"LDT" means Last Day to Trade;

"LDT+ (inserted number)" means the same number of business days as the inserted number after the LDT;

"LDT- (inserted number)" means the same number of business days as the inserted number before the LDT;

"listed company" means a company, any class of whose securities are listed;

"Listing Requirements" means the JSE Listing Requirements;

"managed discretionary portfolio in respect of uncertificated securities" means any arrangement entered into between a client and a broking member (equities), which authorises such member to conduct transactions in uncertificated securities on the client's behalf with full discretion and no prior reference to the client;

"managed non-discretionary portfolio in respect of uncertificated securities" means any arrangement entered into between a client and a broking member (equities), which authorises such member to conduct transactions in uncertificated securities on such client's behalf with prior reference to the client;

"margin" means a payment made or guarantee provided by a member to the JSE to assure settlement of transactions in uncertificated securities by that member, its clients or its counterparties;

"mother share" means the security on which the corporate action has been declared;

"nominee register" means the electronic record of ownership of uncertificated securities balances of controlled accounts maintained by a CSM or a CSA;

"non-controlled client" means a client other than a controlled client who has appointed his own CSD participant;

"notice" means any notification in writing (including electronic communications) to the registered owners and beneficial owners of securities by an issuer of securities for the purpose of informing such owners of a corporate action;

"odd lot" means a quantity of securities which is less than 100 shares. In certain circumstances, an odd lot may be defined by an issuer and approved in terms of the Listing Requirements as any quantity of securities less than a specified quantity;

"order entry application" means any system, software or program operated by a [client, counterparty or] broking member (equities) which facilitates electronic submission of orders to a member trading application and [as a minimum:] which complies with such requirements as the JSE may from time to time prescribe.

- [- is able to ensure that the price of the order is within a defined parameter or the reference price;**
- is able to ensure that the order is within normal trading patterns for that client; and**
 - complies with such other requirements as the JSE may from time to time prescribe;]**

"Payment Date" means the business day on which an entitlement will be paid or distributed in cash or securities, as the case may be;

"projected holdings" means, for the purposes of an election, the total holdings of securities as at LDT adjusted for any unsettled transactions in the affected securities that are due to settle on or before RD;

"proxy form" means a document issued to the registered owners and beneficial owners of listed securities by an issuer of securities for the purpose of enabling registered owners to vote at a meeting of shareholders;

"ratio" means any basis of an entitlement reflected as a ratio. The ratio shall be depicted to five (5) decimal places;

"RD" means Record Date;

"RD+ (inserted number)" means the same number of business days as the inserted number after the RD;

"RD- (inserted number)" means the same number of business days as the inserted number before the RD;

"Record Date" means the business day determined by the issuer on which the holding, upon which the entitlement is based, is ascertained;

"registered owner" means a person or entity which appears on the main register of an issuer kept in terms of the Companies Act, and a person or entity which appears on the sub-register of that issuer kept by a CSD participant in terms of the Companies Act;

"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;

"rolling settlement" means a settlement environment where transactions become due to be settled a prescribed number of days after the trade date;

"scrip root" means the ultimate seller of the uncertificated securities being sold;

"SENS" means the Securities Exchange News Service or any other communication mechanism which the JSE uses to communicate corporate action notices;

"settlement authority" means the person or persons appointed by the JSE to manage the settlement of transactions in uncertificated securities effected through the JSE trading system in terms of the rules and directives and the CSD rules;

"settlement commitment" means an electronic undertaking by a CSD participant to settle a transaction in uncertificated securities;

"settlement date" means in respect of a transaction in uncertificated securities, the date on which the transaction is due to be settled;

"STRATE approved security" means a security which, in respect of transactions in such security, may only be settled electronically;

"sub-register" means a sub-register maintained by a CSD participant recording ownership of uncertificated securities as defined in section 91A of the Companies Act, 1973;

"terminating transaction" means a purchase of uncertificated securities which have not subsequently been sold or a sale of uncertificated securities which have not subsequently been purchased;

"trade date" means, in respect of a transaction in uncertificated securities, the date reflected as such on the contract note or an electronic confirmation thereof;

"uncertificated securities" means securities which in terms of section 91A of the Companies Act, 1973, are transferable without a written instrument and are not evidenced by a certificate;

"uncommitted settlement" means a settlement obligation for which a CSD participant has not provided a settlement undertaking.

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

- 5.25.3.4 an order to buy or sell any security during the **[pre-opening session]** ~~opening or closing auction call period~~, and canceling such order immediately prior to the **[market opening]** ~~auction matching~~, for the purpose of creating or inducing a false or misleading appearance of demand for or supply of such security; or

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

14.20 Reserved [In this Rule 14 –

“cash root” means the funds invested by the ultimate buyer of the uncertificated securities;

“client” means a controlled client or a non-controlled client;

“contract note” means, in respect of trades executed on the JSE trading system by a member on any particular day –

- (a) on behalf of a client or counterparty, a confirmation from the member to the client or counterparty in respect of such trades; and
- (b) on behalf of a member’s proprietary account, the aggregate trades executed on such account;

“contractual settlement” means the market convention whereby the parties to a transaction in uncertificated securities have a contractual obligation to cause such transaction to be settled on the settlement day;

“controlled account” means an account reflecting the uncertificated securities and/or funds of a controlled client or the uncertificated securities of a broking member (equities);

“controlled client” means a client whose funds and uncertificated securities are under the control of a CSM or a CSA or whose settlements take place via the CSD participant of the member as if the client’s funds or uncertificated securities were under the control of a CSM or a CSA;

“CSD participant” means a person accepted by the CSD as a CSD participant in terms of the CSD rules;

“CSD rules” means the rules of the CSD approved in terms of the Custody and Administration of Securities Act, 1992 (Act No. 85 of 1992);

“custody account” means an uncertificated securities account with a CSD participant which reflects the uncertificated securities balances of controlled accounts of a broking member (equities) and through which settlement of uncertificated securities is effected;

“dematerialisation” means the process of converting a STRATE approved security into an uncertificated security;

“failed trade” means a transaction in uncertificated securities which the settlement authority deems to be a failed trade on the basis that neither the client, the member nor the settlement authority is able to ensure that such transaction will settle on the settlement date;

“funds settlement account” means a funds account with a CSD participant in the name of a broking member (equities) for the exclusive settlement of funds relating to transactions in uncertificated securities;

“managed discretionary portfolio in respect of uncertificated securities” means any arrangement entered into between a client and a broking member (equities), which authorises such member to conduct transactions in uncertificated securities on the client’s behalf with full discretion and no prior reference to the client;

“managed non-discretionary portfolio in respect of uncertificated securities” means any arrangement entered into between a client and a broking member (equities), which authorises such member to conduct transactions in uncertificated securities on such client’s behalf with prior reference to the client;

“margin” means a payment made or guarantee provided by a member to the JSE to assure settlement of transactions in uncertificated securities by that member, its clients or its counterparties;

“nominee register” means the electronic record of ownership of uncertificated securities balances of controlled accounts maintained by a CSM or a CSA;

“non-controlled client” means a client other than a controlled client who has appointed his own CSD participant;

“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;

“rolling settlement” means a settlement environment where transactions become due to be settled a prescribed number of days after the trade date;

“scrip root” means the ultimate seller of the uncertificated securities being sold;

“settlement authority” means the person or persons appointed by the JSE to manage the settlement of transactions in uncertificated securities effected through the JSE trading system in terms of the rules and directives and the CSD rules;

“settlement commitment” means an electronic undertaking by a CSD participant to settle a transaction in uncertificated securities;

“settlement date” means in respect of a transaction in uncertificated securities, the date on which the transaction is due to be settled;

“STRATE approved security” means a security which, in respect of transactions in such security, may only be settled electronically;

“sub-register” means a sub-register maintained by a CSD participant recording ownership of uncertificated securities as defined in section 91A of the Companies Act, 1973;

“terminating transaction” means a purchase of uncertificated securities which have not subsequently been sold or a sale of uncertificated securities which have not subsequently been purchased;

“trade date” means, in respect of a transaction in uncertificated securities, the date reflected as such on the contract note or an electronic confirmation thereof;

“uncertificated securities” means securities which in terms of section 91A of the Companies Act, 1973, are transferable without a written instrument and are not evidenced by a certificate;

“uncertificated securities entry” means an electronic recording of any deposit, withdrawal, transfer, attachment, pledge, cession in securitatem debiti or any other transaction in respect of uncertificated securities;

“uncommitted settlement” means a settlement obligation for which a CSD participant has not provided a settlement undertaking.]

- 14.190.2 Margin shall be payable by a member before 12h00 on the fourth business day after the trade –
- 14.190.2.1 in respect of a non-controlled client transaction where, by end of day on the third business day after the trade date, the [CSDP] CSD participant of the non-controlled client fails to commit to settle the transaction on behalf of that client;

4. PROPOSED AMENDMENTS TO SECTION 15 – CORPORATE ACTIONS

15.20 Reserved [In this Rule 15 –

“beneficial owner” means a person or entity on whose behalf any security, recorded on a sub-register, is held by a CSD participant in the name of a nominee company owned by the CSD participant, a broking member (equities), a CSM or any other entity;

“circular” means any document sent to registered owners and beneficial owners of listed securities by an issuer of securities (including notices of meetings), but excluding listing particulars, reports, proxy forms and corporate action notices;

“client” shall have the same meaning as defined in section 14 of the rules;

“controlled client” shall have the same meaning as defined in section 14 of the rules;

“Companies Act” means the Companies Act, 1973 (Act No 61 of 1973) and any subsequent amendments thereto;

“company” means a body corporate (wherever incorporated or established) and includes any other legal person, any undertaking, any association of persons or of entities and any trust or similar device (wherever established) that issues securities which are capable of being listed by the JSE;

“corporate action” means an action, taken by an issuer or any other entity or third party, which affects the registered owner and the beneficial owner of securities in terms of an entitlement;

“CSD participant” shall have the same meaning as defined in section 14 of the rules;

“CSD rules” shall have the same meaning as defined in section 14 of the rules;

“cum” means including or qualifying for an entitlement arising from a corporate action;

“day” shall have the same meaning as **“business day”** as defined in section 2 of the rules;

“Declaration Date” means the day determined by the issuer, on which the corporate action (including any condition precedent to which the action is subject) shall be announced and captured in SENS;

“election” means the exercise of any or all of the elective, voting, conversion, redemption or other rights attached to securities;

“Election Date” means the day by which an election in relation to a corporate action must be received by an issuer;

“election deadline” means the time, as determined by a Directive, on Election Day by which a broking member (equities) or, if applicable, its CSA must convey to a CSD participant an election;

“entitlement” means any one or more of the rights or benefits which flow in respect 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;

“event type” means a classification of a corporate action;

“ex” means excluding or non-qualifying for an entitlement arising from a corporate action;

“Finalisation Date” means the day determined by the issuer on which the details of a corporate action become unconditional in all respects and irrevocable;

“First Day to Trade” means the first day on which –
(i) any new securities, arising from a corporate action, are listed and may be traded; and
(ii) any mother securities are traded “ex”;

“holding company” means a company that has one or more subsidiaries;

“issuer” means any company, any class of whose securities has been admitted, or is the subject of an application for admission, in terms of the Listing Requirements;

“Last Day to Trade” means the last day to trade in securities, which are subject to a corporate action, in order to ensure settlement on RD and to qualify for the entitlement;

"LDT" means Last Day to Trade;

"LDT+ (inserted number)" means the same number of days as the inserted number after the LDT;

"LDT- (inserted number)" means the same number of days as the inserted number before the LDT;

"listed company" means a company, any class of whose securities are listed;

"Listing Requirements" means the JSE Listing Requirements;

"mother share" means the security on which the corporate action has been declared;

"non-controlled client" shall have the same meaning as defined in section 14 of the rules;

"notice" means any notification in writing (including electronic communications) to the registered owners and beneficial owners of securities by an issuer of securities for the purpose of informing such owners of a corporate action;

"odd lot" means a quantity of securities which is less than 100 shares. In certain circumstances, an odd lot may be defined by an issuer and approved in terms of the Listing Requirements as any quantity of securities less than a specified quantity;

"Payment Date" means the day on which an entitlement will be paid or distributed in cash or securities, as the case may be;

"projected holdings" means, for the purposes of an election, the total holdings of securities as at LDT adjusted for any unsettled transactions in the affected securities that are due to settle on or before RD;

"proxy form" means a document issued to the registered owners and beneficial owners of listed securities by an issuer of securities for the purpose of enabling registered owners to vote at a meeting of shareholders;

"RD" means Record Date;

"RD+ (inserted number)" means the same number of days as the inserted number after the RD;

"RD- (inserted number)" means the same number of days as the inserted number before the RD;

"ratio" means any basis of the entitlement reflected as a ratio. The ratio shall be depicted to five (5) decimal places;

"Record Date" means the day determined by the issuer on which the holding, upon which the entitlement is based, is ascertained;

"registered owner" means a person or entity which appears on the main register of an issuer kept in terms of the Companies Act, and a person or entity which

appears on the sub-register of that issuer kept by a CSD participant in terms of the Companies Act;

“reports” means annual or interim reports and financial statements;

“SENS” means The Stock Exchange News Service or any other communication mechanism which the JSE uses to communicate corporate action notices;]

15.50 General Principles

- 15.50.1 On Declaration Date, the corporate action will be captured into SENS. This announcement will be made at least fifteen business days before RD.
- 15.50.2 The Finalisation Date shall not be less than 10 business days before RD and shall not be less than 5 business days before the LDT. On the Finalisation Date the issuer shall procure that there is announced and captured on SENS that –
- 15.50.2.1 the details of the corporate action have become unconditional in all respects and are irrevocable;
- 15.50.2.2 no further changes can be made to any of the pertinent details of the corporate action which may only thereafter be cancelled by agreement between the JSE Listings Advisory Committee and the issuer; and
- 15.50.2.3 an RD for the corporate action has been selected, and, as a consequence, the LDT, the First Day to Trade, the Election Date (if applicable) and the Payment Date are determinable.
- 15.50.3 Dematerialisation or re-materialisation of the affected securities shall not be permitted during the period [RD-9] RD-4 to RD.
- 15.50.4 Due to the five-day rolling settlement cycle in respect of transactions in STRATE approved securities on the JSE, LDT will always occur at least five business days after Finalisation Date. LDT is the last business day to trade *cum* the corporate action.
- 15.50.5 The First Day to Trade must be the business day following the LDT (LDT+1) and any existing securities will be treated *ex* the corporate action entitlement from this business day. The maximum number of new securities (if any) possible for issue in terms of the relevant corporate action will be listed by the JSE on the First Day to Trade with an adjustment to the actual number listed being made on the RD.
- 15.50.6 The Election [Day] Date must be the third business day after the LDT (LDT+3) and must be two business days before the RD (RD-2) and affected parties are required to make an election, if applicable, on or before this date.
- 15.50.9 The RD must be –

- 15.50.9.1 at least 15 business days after the announcement of the corporate action made on Declaration Date;
- 15.50.9.2 at least 10 business days after the Finalisation Date;
- 15.50.9.3 5 business days after the LDT; and
- 15.50.9.4 on the business day before Payment Date.
- All entitlements will be allocated to beneficial owners based on their holdings as at the RD.
- 15.50.10 On Payment **[Day] Date** (RD+1) the dematerialisation and re-materialisation of affected securities may re-commence.
- 15.50.13 Any issuer must procure that any circular, listing particulars, company report, proxy form and notice issued by that issuer must be submitted to every registered owner and to such beneficial owners as may at the time of the issue of the relevant document be recorded on the BDA system as requiring to receive the relevant document.
- 15.70.2 The written arrangement referred to in 15.70.1 shall, as a minimum, incorporate the instructions from the controlled client and the terms and conditions which will apply to the following issues pertaining to corporate actions:
- 15.70.2.1 whether the controlled client wishes to receive all company reports, proxy forms, notices, circulars, listing particulars and any other issuer communications, in respect of listed securities of which such client is a beneficial owner;