

NOTICE 18 OF 2005**FINANCIAL SERVICES BOARD****SECURITIES SERVICES ACT, 2004****CONDITIONS APPLICABLE TO THE AMALGAMATION OR TRANSFER OF SELF-REGULATORY ORGANISATIONS AND CLEARING HOUSES**

I, Jeffrey van Rooyen, hereby prescribe under sections 54(1) and 69(1) of the Securities Services Act, 2004 (Act No. 36 of 2004), the Conditions set out in the Schedule, with which self-regulatory organisations and clearing houses must comply in case of an amalgamation or transfer.

J VAN ROOYEN

Registrar of Securities Services

SCHEDULE**Definitions**

1. In these Conditions "**the Act**" means the Securities Services Act, 2004 (Act No. 36 of 2004), and any word or expression to which a meaning has been assigned in the Act, bears the meaning so assigned to it.

Application for approval of amalgamation or transfer

2. If in terms of section 54 of the Act application is made for the approval of the amalgamation of exchanges or central securities depositories, or the transfer of the assets and liabilities of one exchange or central securities depository to another

exchange or central securities depository, as the case may be, or if in terms of section 69 application is made for the approval of the amalgamation of clearing houses or the transfer of the assets and liabilities of one clearing house to another clearing house, or if application is made for the approval of the amalgamation of a clearing house and a self-regulatory organisation or the transfer of the assets and liabilities of a clearing-house to a self-regulatory organisation or *vice versa*, the application must be submitted to the registrar by the entities involved in the amalgamation (“amalgamating parties”) or the entities involved in the transfer (“transferor” and “transferee”) on Form **SS 4** accompanied by –

- (a) the information specified in Annexure 1 to Form **SS 4**; and
- (b) the documentation, statements and undertakings specified in Annexure 2 to Form **SS 4** in support of the information supplied in Annexure 1.

Address

3. Applications must be submitted to:

The Registrar of Securities Services
P O **Box** 35655
Menlo Park
0102

Commencement

4. This Notice comes into operation on the same date on which the Securities Services Act, **2004**, comes into operation.

FORM SS 4**SECURITIES SERVICES ACT, 2004 (ACT NO. 36 OF 2004)**

(Delete what is not applicable)

Application for approval under sections 54(1) or 69(1) of the Securities Services Act, 2004 (Act No. 36 of 2004), of the amalgamation / transfer of self regulatory organisations/ clearing houses.

The Registrar of Securities Services

1. I, the authorised representative of the amalgamating parties / transferor and transferee hereby, on behalf of the said parties / transferor and transferee, apply for approval of the amalgamation of the amalgamating parties / the transfer of the assets and liabilities of ("transferor") to ("transferee").
2. The prescribed application fee of is enclosed.
3. The place at which the business of the amalgamated entity / transferee will be carried on is
4. The trading method or facility by means of which the business of the amalgamated entity / transferee will be carried on is

Signed at..... on thisday of20..

.....

Authorised representative

Witnesses:

1.....

2.....

ANNEXURE 1 TO FORM SS 4

Information required for amalgamation or transfer of self-regulatory organisations or clearing houses

(Only furnish information if information previously furnished will change as a result of the transfer or amalgamation or if the information in question was not furnished previously)

1. Administrative information

- (a) The postal, physical and electronic mail addresses of the amalgamated entity's / transferee's head office at which it will receive all documents for the purpose of this application.
- (b) The telephone and facsimile numbers of the amalgamated entity / transferee and the name of its Chief Executive Officer.
- (c) A list that reflects the full names, addresses and telephone numbers of persons, if any, who alone or with associates will exercise control over the amalgamated entity / transferee in terms of section 57(2) of the Act, as at the date of this application.
- (d) A list which reflects the names, physical and postal addresses, telephone and facsimile numbers of the -
 - (i) bank;
 - (ii) auditor; and
 - (iii) attorney,of the amalgamated entity / transferee.

2. Details of –

- (a) the expected constitution, structure and ownership of the amalgamated entity / transferee, including its memorandum and articles of association or other founding documentation and any agreement between the amalgamated entity / transferee, its owners or other persons relating to its constitution or governance;
- (b) all business to be conducted by the amalgamated entity / transferee, whether or not a regulated activity;
- (c) any persons providing corporate finance advice or similar services (such as reporting accountants) to the amalgamated entity / transferee;
- (d) any relevant functions in relation to regulated business to be outsourced or delegated, with copies of relevant agreements;
- (e) information technology systems and or arrangements for their supply, management, maintenance, upgrading, and security;
- (f) the business continuity plans and disaster recovery plans in the event of disruption to the business of the amalgamated entity / transferee;
- (g) internal controls, risk management principles and procedures and insurance cover;
- (h) internal arrangements to safeguard confidential or privileged information and for handling conflicts of interest; expected changes for monitoring and enforcing compliance with its rules in case of self-regulatory organisations;
- (i) arrangements for recording transactions effected by, or cleared through, the facilities of the amalgamated entity / transferee;
- (j) arrangements for detecting and preventing financial crime and market abuse, including arrangements for complying with money laundering legislation; and
- (k) the competitors and prospective competitors of the amalgamated entity.

ANNEXURE 2 TO FORM SS 4

Documentation, statements and undertakings to be provided, if applicable, in support of the information supplied in Annexure 1

1. A curriculum vitae in respect of each member of the controlling body of the amalgamated entity / transferee indicating his or her relevant experience and training.
2. A statement signed by each member of the controlling body to the effect that he or she knows of no reason why he or she should not fulfil his or her term of office as a member of the controlling body.
3. A copy of -
 - (a) audited annual financial statements of the amalgamating parties / transferor and transferee as at its latest financial year-end if in existence for more than a year; and
 - (b) the budgeted income statement, balance sheet and cash flow statement of the amalgamated entity / transferee for a three year period from the date of the latest annual financial statements.
4. A statement signed by the chief executive officer of the amalgamated entity / transferee specifying the critical assumptions made in the preparation of the amalgamated entity's / transferee's budgets and, in particular, the sources where the amalgamated entity / transferee will derive any further funding as outlined in terms of its business plan.
5. Where arrangements have been made for the funding of any temporary shortfall in available cash resources, the chief executive officer must provide a statement setting out the extent and terms of the commitment.
6. A copy of the amalgamated entity's / transferee's certificate of incorporation certified by the Registrar of Companies, where applicable.
7. Copies of the quarterly management accounts for the current financial year of the amalgamating parties / transferor and transferee.
8. Details of its business plan for the first three years of its operations as an amalgamated entity / transferee.
9. Adequacy of management and human resources
 - (a) An explanation of the management structure of the amalgamated entity including the names of the individuals responsible for the major functional areas and the number of personnel employed in each functional area.
 - (b) A curriculum vitae in respect of each member of the management of the amalgamated entity who is responsible for a major functional area, which indicates his or her relevant experience and training.