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BOARD NOTICE

NOTICE 54 OF 2005

SECURITIES SERVICES ACT, 2004

AMENDMENT OF THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

1. In terms of section 61(5) of the Securities Services Act, 2004 (Act No. 36 of 2004), it is hereby notified that the JSE Securities Exchange South Africa has applied to the Registrar of Securities Services for approval of proposed amendments of its rules, which amendments are set out in the Schedule.
2. In terms of section 61(5) of the said Act all interested persons who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Securities Services, PO Box 35655, Menlo Park, 0102, within a period of 14 days from the date of publication of this notice.
3. In terms of section 61(6) of the said Act, if no such objections are received, the amendments come into operation on 1 July 2005. If objections are received, the Registrar will publish by notice in the Gazette another date on which the amendments will take effect.

J VAN ROOYEN
Registrar of Securities Services

SCHEDULE

General explanatory notes

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

AMENDMENTS TO THE EQUITIES RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

■ PROPOSED AMENDMENTS TO SECTION 1 - GENERAL

Scope of section

- 1.10 Demutualisation [Name]
- 1.20 Reserved [Corporate Body]
- 1.30 Reserved [Constitution of the JSE]
- 1.90 JSE [and members] not responsible for any losses

1.10 Demutualisation[Name]

~~The demutualisation of the JSE does not affect the continued corporate existence of the JSE and any actions of the JSE before its demutualisation remain effectual as provided for in section 53(2) of the Securities Services Act. [The name of the Association is the "JSE Securities Exchange South Africa" hereinafter referred to as "the JSE".]~~

1.20 Reserved[Corporate Body]

- 1.20.1** The JSE shall be and continue to be a body corporate **constituted** separately from its members and shall have perpetual succession and be capable of acquiring rights and duties in law apart from those of its members.
- 1.20.2** Legal process issued against the JSE shall be **validly served** if served at the **office** of the JSE on a senior manager of the **JSE**.]

1.30 Reserved [Constitution of the JSE]

- 1.30.1** The JSE shall have a Constitution, which shall, amongst other things, set out the **powers** and authority of the **JSE**.
- 1.30.2** **To the extent that matters are not dealt with in the rules, they shall be dealt with in the Constitution.**

1.30.3 To the extent that the Constitution does not conflict with the Act, it shall prevail over the rules and directives.]

1.40 Powers exercisable by the Board

1.40.2 The Board may, in addition to the powers and authorities expressly conferred upon it by the Act, the [Constitution] JSEs Memorandum and Articles of Association and these rules, exercise all such powers and do all such things as may be exercised or done by the JSE.

1.50 Rules and Directives

1.50.1 Purpose of the rules and directives

The purpose of the rules and directives is to achieve the objects of the JSE as set out in [the Constitution] its Memorandum and Articles of Association by providing the procedures necessary to establish and regulate fair and efficient markets and to ensure that the business of the JSE is carried out in an orderly manner and with due regard to the interests of the public in general.

1.90 JSE [and members] not responsible for any losses

The JSE [and members] shall not be responsible or liable to any person for (or in respect of) direct, indirect or consequential liability, loss or damage of any kind or nature, howsoever arising, incurred as a result of –

2. PROPOSED AMENDMENTS TO SECTION 2 - INTERPRETATIONS AND DEFINITIONS

2.40 In these rules -

"Chief Executive Officer" means the person appointed by the Board as the Chief Executive officer [in terms of the Constitution] of the JSE;

["Constitution" means the Constitution of the JSE as provided for in 1.30;]

"JSE" means [the JSE Securities Exchange South Africa] JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed to operate an exchange under the Securities Services Act;

"JSE [right] share" means a [right as defined in article 7 of the Constitution] share in the JSE itself or in any company that owns or operates the JSE;

"Securities Services Act" means the Securities Services Act 2004 (Act No. 36 of 2004);

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

Scope of section

3.330 Lien over proceeds of sale of JSE shares

3.340 Reserved

3.10 Membership

3.10.2 In order to qualify for membership, an applicant member must

3.10.2.1 Reserved [Register, hold and retain such number of JSE rights as the JSE may from time to time prescribe;]

3.10.3 The JSE shall keep a register of members and shall in such register indicate]:

3.10.3.1 the number of JSE rights held by each such member; and

3.10.3.2] in which category of membership the member has been authorised to operate.

3.40 Applications for membership

3.40.9 Reserved [Upon approval of the application, the member shall be provisionally approved subject to the acquisition of the necessary JSE rights.]

3.40.10 Reserved (The JSE shall not sell or create and issue JSE rights to a provisionally approved member unless, for 14 (fourteen) days immediately prior to requesting the JSE to sell or create and issue a JSE right, the provisionally approved member was unable to purchase such minimum number of JSE rights as prescribed by the rules.)

- 3.40.11 ~~Reserved~~ [The **JSE** shall sell or issue the required number of **JSE** rights to the provisionally approved member for immediate payment at a price which is equal to the average price of the last three transactions in **JSE** rights.]
- 3.40.12 ~~Reserved~~ [The **JSE** may only sell or create and issue to each provisionally approved member the minimum number of **JSE** rights required to be held by the member who ~~requires~~ the **JSE** to issue such **JSE** rights in terms of the rules.]
- 3.40.13 Upon [registration of the necessary **JSE** rights in the name] approval of the application of the member, ~~such~~ member shall [–
- 3.40.13.1 ~~]~~ obtain membership and the ~~status~~ as a broking member (equities), or such other category of membership as determined by the **JSE** from time to time, shall be activated; and
- 3.40.13.2 be entitled to the rights enjoyed by **JSE** rights holders.]

3.60 Involuntary termination of membership

- 3.60.1 Membership may be terminated when –
- 3.60.1.5 the disciplinary tribunal has ~~decided~~ in terms of 3.300 that membership should be terminated; or
- 3.60.1.6 the member defaults; or
- 3.60.1.7 a member fails to hold at least one **JSE** right.]

3.330[-] Lien over proceeds of sale of **JSE** shares

The **JSE** shall have a first lien on the proceeds of the sale or other disposition of any **JSE** shares held by a member in the event that the member selling or disposing of such **JSE** shares is in any way indebted to the **JSE**. The Guarantee Fund or Funds of the **JSE** shall have a second lien on the proceeds of the sale or other disposition of such **JSE** shares in the event that the member selling or disposing of such shares has defaulted and the Guarantee Fund or Funds have discharged any of the member's obligations. After the satisfaction of the lien or liens, the balance of the proceeds of the sale or other disposition will revert to the selling or disposing member or the estate of the selling or disposing member as the case may be.

3.340 Reserved

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

4.20 Sole Proprietor

- 4.20.1 A natural person may be admitted by the **JSE** as a sole proprietor broking member (equities) provided such person, in addition to meeting the requirements of 3.20 -
- 4.20.1.2 ~~Reserved~~ [at the time of the granting of membership holds such whole number of **JSE** rights equivalent to the value of at least **R75 000** and retain that number of rights for the duration of membership;]
- [4.20.4 A broking member (equities) which is a sole proprietor admitted to membership prior to the coming into effect of this 4.20 shall, for the duration of its membership, hold at least three **JSE** rights.]

4.30 Partnership

- 4.30.1 Only a natural person who is a stockbroker shall be a partner in a partnership and no person shall be a partner in more than one partnership. A partnership shall –
- 4.30.1.3 ~~Reserved~~ [at the time of the granting of membership hold such whole number **JSE** rights to the value of at least **R75 000** per partner, to a maximum of **R1,5** million and retain that number of rights for the duration of its membership;]
- [4.30.9 A broking member (equities) which is a partnership admitted to membership prior to the coming into effect of this 4.30 shall, for the duration of its membership, hold at least three **JSE** rights in respect of each partner provided that the partnership shall not be required to hold more than sixty rights.]

- 4.40 Corporate Entity (unlimited liability)**
- 4.40.1 A corporate body may only be admitted as a broking member (equities) if it is a corporate body which is a private company having a share capital, **incorporated** and registered under the **Companies Act, 1973 (Act No. 61 of 1973)**. The memorandum of association of **such** corporate body shall **state** that its shareholders and former shareholders shall be liable, jointly and severally, together with **the** company, for **such** debts and liabilities of the company as are **or** were **contracted** during their periods of **office**. **Such** a corporate entity shall –
- 4.40.1.2 **Reserved** [at the time of the granting of membership hold such whole number of **JSE** rights equivalent to the value of at least **R75 000** per director who is a stockbroker and a shareholder, up to a maximum of **R1.5** million, and retain that number of rights for the duration of its membership;]
- [4.40.12** A broking member (equities) which is a corporate entity with unlimited liability admitted to membership prior to the coming into effect of this 4.40 shall, for the duration of its membership, hold at least three **JSE** rights in respect of each director who is a stockbroker and a shareholder provided that the corporate **entity** with unlimited liability shall not be required to hold more than **sixty** rights.]
- 4.50 Corporate Entity (limited liability)**
- 4.50.1 A corporate body must be incorporated and registered as a domestic company under the **Companies Act, 1973 (Act No. 61 of 1973)** and the liability of its members is limited by its memorandum of association. **Such** corporate member shall –
- 4.50.1.2 **Reserved** [at the time of the granting of membership hold such whole number of **JSE** rights equivalent to the value of at least **R1,5** million, and retain that number of rights for the duration of membership, provided that if it only has directors which are **stockbrokers** and **shareholders**, the provisions of **4.40.1.2** shall apply;]
- [4.50.4** A broking member (equities) which is a corporate entity with limited liability admitted to membership prior to the coming into effect of this **4.50** shall, for the duration of its membership, hold at least **sixty** **JSE** rights provided that if such **corporate entity with** limited liability only has and maintains stockbrokers as its shareholder, the provisions of **4.40.12** shall apply.]
- 4.210 Admission requirements
- 4.210.1 To be admitted as a CSM, a member shall:
- 4.210.1.4 **Reserved** [at the time of the granting of membership be required to hold **JSE** rights to the value of **R75 000**, and retain that number of rights for the duration of membership;]

5. PROPOSED AMENDMENTS TO SECTION 8 – DEFAULTS/DEATHS

- 8.90** The assets of the Stock Exchange Estate of a defaulter or insolvent shall consist of-
- 8.90.1 any **JSE** ~~[rights]~~shares held by the defaulter or insolvent;

6. PROPOSED AMENDMENTS TO SECTION 13 – MISCELLANEOUS

- 13.30 **Mergers** and amalgamations
- 13.30.1 When a merger, amalgamation or transfer of business involving the **JSE** contemplated in terms of [article 4.3.3 of the constitution of the **JSE**] section 54 of the Securities Services Act takes effect –

AMENDMENTS TO THE DERIVATIVES RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

7. PROPOSED AMENDMENTS TO SECTION 1 – DERIVATIVES RULES

Scope of section

- 1.10 Demutualisation **[Name]**

- 1.20 Reserved[Corporate Body]
 1.30 Reserved [Constitution of the JSE]
 1.90 JSE [and members] not responsible for any losses

1.10 Demutualisation[Name]

The demutualisation of the JSE does not affect the continued corporate existence of the JSE and any actions of the JSE before its demutualisation remain effectual as provided for in section 53(2) of the Securities Services Act. [The name of the Association is the "JSE Securities Exchange South Africa" hereinafter referred to as "the JSE".]

1.20 Resewed [Corporate Body

1.20.1 The JSE shall be and continue to be a body corporate **constituted** separately from **its** members and shall have perpetual succession and be capable of **acquiring rights** and duties in law apart from those of its members.

1.20.2 Legal process issued against the JSE shall be validly **sewed** if **sewed** at the **office** of the JSE on a senior manager of the JSE.]

1.30 Resewed[Constitution of the JSE

1.30.1 The JSE has a Constitution, which, amongst other things, **sets** out the powers and authority of the JSE.

1.30.2 To the extent that **matters** are not dealt with in **the derivatives rules**, they shall **be dealt with** in the Constitution.

1.30.3 To the extent that the Constitution does not conflict with the Act, it shall **prevail** over the **derivatives** rules and directives.]

1.40 Powers exercisable by the Board

1.40.2 The Board may, in addition to the powers and authorities expressly conferred upon it by the Act, the [Constitution] JSE's Memorandum and Articles of Association and these derivatives rules, exercise **all such** powers and do **all such** things as may be **exercised** or done by the JSE.

1.50 Rules and Directives

1.50.1 Purpose of the rules and directives

The **purpose** of the rules and directives is to achieve the **objects** of the JSE as set out in [the Constitution] its Memorandum and Articles of Association by providing the procedures necessary to establish and regulate fair and efficient markets and to ensure that the business of the JSE is carried out in an orderly manner and with due regard to the interests of the public in general.

1.90 JSE [and members] not responsible for any losses

The JSE[,], **and the** clearing house [and members] shall not be responsible **or** liable to any person for (or in respect of) direct, indirect or consequential liability, **loss or** damage of any kind or nature, howsoever arising, incurred as a result of-

8. PROPOSED AMENDMENTS TO SECTION 2 " INTERPRETATION AND DEFINITIONS

"Chief Executive Officer"

means the person appointed by the Board as the Chief Executive Officer [in terms of the Constitution] of the JSE;

["Constitution"

means the Constitution of the JSE as referred to in rule 1.30)

"JSE"

means [the JSE Securities Exchange South Africa] JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed to **operate an exchange** under the Securities Services Act

'JSE [right]share"

means a [right as defined in article 7 of the Constitution] share in the JSE itself or in any company that owns or operates the JSE;

"Securities Services Act"

means the Securities Services Act, 2004 (Act No. 36 of 2004);

9. PROPOSED AMENDMENTS TO SECTION 3 - GENERAL MEMBERSHIP AND DISCIPLINARY PROCEEDINGS

Scope of section

3.330 Lien over proceeds of sale of JSE shares

3.340 Reserved

3.10 General Membership of the JSE

3.10.1 In order to qualify to be a member, an applicant must:

3.10.1.1 ~~Reserved~~ [register, hold and retain such number of JSE rights as are required by the derivatives rules;]

3.10.2 The JSE shall keep a register of members and shall in such register indicate[:

3.10.2.1 the number of JSE rights held by each such member; and

3.10.2.2] in which category or class of membership the member has been authorised to operate.

3.30 ~~Reserved~~ [Membership transitional provisions

A member of SAFEX shall, ~~without~~ having to comply with any additional requirements accept that such member shall hold one JSE right, become a ~~derivatives~~ member of the JSE on the effective date and be entitled to trade in the listed product or products that that member was entitled to trade as a member of SAFEX.]

3.40 Applications for membership

3.40.10 ~~Reserved~~ [Upon approval of the application, the member shall be provisionally approved subject to the acquisition of the necessary JSE rights.]

3.40.11 ~~Reserved~~ [The JSE shall not sell or create and issue JSE rights to a provisionally approved member unless, for 14 (fourteen) days immediately prior to requesting the JSE to sell or create and issue a JSE right, the provisionally approved member was unable to purchase such minimum number of JSE rights as prescribed by the derivatives rules.]

3.40.12 ~~Reserved~~ [The JSE shall sell or issue the required number of JSE rights to the provisionally approved member for immediate payment at a price which is equal to the average price of the last three transactions in JSE rights.]

3.40.13 ~~Reserved~~ [The JSE may only sell or create and issue to each provisionally approved member the minimum number of JSE rights required to be held by the member who requires the JSE to issue such JSE rights in terms of the derivatives rules.]

3.40.14 Upon [registration of the necessary JSE rights in the name] ~~approval of the application of~~ the member, such member shall [-

3.40.14.1] obtain membership and the status in such category or categories of membership as determined by the JSE shall be activated.]; and

3.30.14.2 be entitled to the rights enjoyed by JSE rights holders.]

3.60 Involuntary termination of membership

3.60.1 Membership shall terminate when -

3.60.1.7 ~~Reserved~~ [a member fails to hold at least one JSE right;]

3.330[-] Lien over proceeds of sale of JSE shares

The JSE shall have a first lien on the proceeds of the sale or other disposition of any JSE shares held by a member in the event that the member sells or disposes of such JSE shares in any way indebted to the JSE. The JSE Fidelity Fund or Funds of the JSE shall have a second lien on the proceeds of the sale or

other disposition of such JSE shares in the event that the member selling or disposing of such shares has satisfaction of the lien or liens, the balance of the proceeds of the sale or other disposition will revert to the selling or disposing member or the estate of the selling or disposing member as the case may be.

3.340 Reserved

10. PROPOSED AMENDMENTS TO SECTION 4 – DERIVATIVES MEMBERSHIP

4.10 Classes and categories of derivatives membership

4.10.2 Reserved [A derivatives member shall be required to hold and retain one JSE right.]

11. PROPOSED AMENDMENTS TO SECTION 12 – DEFAULTS

12.30 Consequences of default by a non-clearing member (derivatives)

Without limiting or detracting from any other remedies and rights which a derivatives member or client or the clearing house may have against a non-clearing member (derivatives), in the event of default by a non-clearing member (derivatives)-

12.30.4 if ~~after~~ all the above rules have been exhausted a shortfall remains, [the **right of** any JSE shares held by the non-clearing member (derivatives) may be sold by the JSE and the proceeds utilised towards settlement of any remaining shortfall, and any surplus paid to the non-clearing member (derivatives);

12.40 Consequences of default by a clearing member (derivatives)

Without limiting or detracting from any other remedies and rights which a derivatives member or client or the clearing house may have against a clearing member (derivatives), in the event of default by a clearing member (derivatives)-

12.40.2 the clearing house shall open a separate trust account with a bank (hereinafter referred to as the "trust account"), into which shall be paid all margin due and payable, the proceeds from the sale of [the **right of** any JSE shares held by the clearing member (derivatives), the proceeds from the suretyship referred to in rule 4.20.6 and any other ~~moneys~~, securities or investments held by the clearing house in favour of or on behalf of or for the account of ~~the~~ clearing member (derivatives);

12.40.3 the clearing house shall manage the trust account and all the affairs of ~~the~~ clearing member (derivatives) arising from and relating to his membership of the JSE and •

12.40.3.4 if after all the above rules have been exhausted a shortfall remains, [the **right of** any JSE shares held by the clearing member (derivatives) may be sold by ~~the~~ JSE and the proceeds utilised towards settlement of any remaining shortfall, and any surplus paid to the clearing member;

AMENDMENTS TO THE YIELD-X RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

12. PROPOSED AMENDMENTS TO SECTION 1 – GENERAL

Scope of section

1.10 Demutualisation[Name]

1.20 Reserved [Corporate Body]

1.30 Reserved[Constitution of the JSE]

1.90 JSE [and members] nor liable for any losses

1.10 Demutualisation[Name]

The demutualisation of the JSE does not affect the continued corporate existence of the JSE and any actions of the JSE before its demutualisation remain effectual as provided for in section 53(2) of the Securities Services Act. [The name of the Association is the "JSE Securities Exchange South Africa" hereinafter referred to as "the JSE".]

- 1.20** Resewed [Corporate Body
- 1.20.1** The JSE shall be and continue to be a body corporate **constituted** separately from its members and shall have perpetual succession and be capable of acquiring rights and duties in law apart from those of its members.
- 1.20.2** Legal **process** issued against the JSE shall be validly **sewed** if **sewed** *at* the office of the JSE on a senior manager of the JSE.
- 1.20.3** The JSE shall not be dissolved or restructured except in the manner as provided for in the Constitution of the JSE.]
- 1.30** Reserved [Constitution of the JSE
- 1.30.1** The JSE has a Constitution, which, amongst other things, **sets** out the powers and authority **of** the JSE.
- 1.30.2** To the extent that matters are not required by the Act to be dealt with in these Yield-X rules, they shall be dealt with in the Constitution.
- 1.30.3** To the extent that the Constitution does not conflict with the Act, **it** shall prevail over these Yield-X rules and **directives.**]
- 1.40** Powers exercisable by the controlling body
- 1.40.2** The **controlling** body may, in addition to the powers and authorities expressly **conferred** upon it by the Act, the [Constitution] **JSEs Memorandum and Articles of Association** and these Yield-X rules, exercise all such powers and do all **such** things as may be exercised or done by the JSE.
- 1.50** Rules and **Directives**
- 1.50.1** Purpose of rules and directives
- The purpose of these Yield-X **rules** and directives is to achieve the **objects** of the JSE as set out in [the Constitution] **its Memorandum and Articles of Association** by providing the procedures necessary to **establish** and regulate fair and **efficient** markets and to ensure that the business of the JSE is carried w t in an orderly manner and with due regard to the interests of the public in general.
- 1.90** **JSE** [and members] not liable for any losses
- [1.90.2** Yield-X members shall not be liable to any person for any loss or damage resulting from the instances **set out** in rule 1.90.1 except for rule **1.90.1.2** which shall not be applicable to Yield-X members.]

13. PROPOSED AMENDMENTS TO SECTION 2 – DEFINITIONS AND INTERPRETATION

2.10 Definitions

In these Yield-X **rules**, unless otherwise clearly indicated by, **or** inconsistent with the **context**, the following terms shall have the meanings that are assigned to them hereunder, namely –

["Constitution" means the Constitution of the JSE **as** provided for in **1.30;**]

"JSE" means [the JSE Securities Exchange **South Africa**] JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed to operate an exchange under the Securities Services Act;

'JSE **[right] share**' means a [right **as** defined in **article 7** of the Constitution] share in the JSE itself **or** in any company that **owns or operates** the JSE;

'Securities Services Act' means the Securities Services Act, 2004 (**Act No. 36 of 2004**);

14. PROPOSED AMENDMENTS TO SECTION 3 – MEMBERSHIP

Scope of section

3.60 Reserved [JSE rights]

3.160 Len over proceeds of sale of JSE shares

- 3.10 Membership of the JSE**
- 3.10.1 In order to qualify to be a Yield-X member, an applicant must [-
- 3.10.1.1** register, hold and retain one JSE right. A right held in terms of any other JSE rule will suffice; and
- 3.10.1.2**] comply with the requirements set out in this rule and such other requirements as the JSE may determine.
- 3.10.2** The JSE shall keep a register of Yield-X members and shall in such register indicate [-
- 3.10.2.1** the number of JSE rights held by each such member; and
- 3.10.2.2**] in which class or category of membership the member has been authorized to operate.
- 3.50** Application for membership
- 3.50.12** Upon approval of the application of the Yield-X member, such Yield-X member shall obtain membership and the status in such category or categories of membership as determined by the JSE.
- 3.60** Reserved [JSE rights
- 3.60.1** Upon approval of the application, the Yield-X member shall be provisionally approved subject to the acquisition of the necessary JSE right.
- 3.60.2** The JSE shall not sell or create and issue a JSE right to a provisionally approved Yield-X member unless, for 14 days immediately prior to requesting the JSE to sell or create and issue a JSE right, the provisionally approved Yield-X member was unable to purchase such a JSE right.
- 3.60.3** The JSE shall sell or issue a JSE right to the provisionally approved Yield-X member for immediate payment at a price which is equal to the average price of the last three transactions in JSE rights.
- 3.60.4** The JSE may only sell or create and issue to each provisionally approved Yield-X member a JSE right required to be held by the Yield-X member who requires the JSE to issue such JSE right in terms of these Yield-X rules.
- 3.60.5** Upon registration of the necessary JSE right in the name of the Yield-X member, such Yield-X member shall -
- 3.60.5.1** obtain membership and the status in such category or categories of membership as determined by the JSE; and
- 3.60.5.2** be entitled to the rights enjoyed by JSE rights holders.]
- 3.80** Involuntary termination of membership
- 3.80.1 Membership shall terminate when -
- 3.80.1.6** Reserved (a Yield-X member fails to hold at least one JSE right;]

3.160 Lien over proceeds of sale of JSE shares

The JSE shall have a first lien on the proceeds of the sale or other disposition of any JSE shares held by a member in the event that the member sells or disposes of such JSE shares in any way indebted to the JSE. The JSE Fidelity Fund or Funds of the JSE shall have a second lien on the proceeds of the sale or other disposition of such JSE shares in the event that the member sells or disposes of such shares has defaulted and the JSE Fidelity Fund or Funds have discharged any of the member's obligations. After the satisfaction of the lien or liens, the balance of the proceeds of the sale or other disposition will revert to the selling or disposing member or the estate of the selling or disposing member as the case may be.

15. PROPOSED AMENDMENTS TO SECTION 11 – DEFAULT

11.50 Consequences of default by a clearing member

Without limiting or detracting from any other remedies and rights which a trading member or client or SAFCOM may have against a clearing member, in the event of default by a clearing member -

- 11.50.2 SAFCOM shall open a separate trust account with a bank (hereinafter referred to as the "bust account"), into which shall be paid all margin due and payable, the proceeds from the sale of [the JSE right of] any JSE shares held by the clearing member, the proceeds from the

suretyship referred to in rule 3.40.7 and any other monies, securities, financial instruments or investments held by SAFCOM in favour of or on behalf of or for the account of the clearing member;

11.50.3 SAFCOM shall manage the trust account and all the affairs of the clearing member arising from and relating to its membership of the JSE and –

11.50.3.5 if a shortfall remains after rule 11.50.3.4 has been applied, **[the JSE right] any JSE shares owned** by the clearing member may be sold by the JSE and the proceeds utilised towards settlement of any such shortfall;

AMENDMENTS TO THE RULES OF THE JSE GUARANTEE FUND

16. PROPOSED AMENDMENTS TO SECTION 5 – DEFINITIONS

5. For the purpose of these Rules –

5.12 "JSE" shall mean **[the JSE Securities Exchange South Africa] JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed to operate an exchange under the Securities Services Act;**

17. PROPOSED AMENDMENTS TO SECTION 25 – WINDING UP

25.1 If the JSE should be wound up [or otherwise dealt with as envisaged in article 15 of the Constitution of the JSE], the assets of the Fund shall be used, subject to these Rules, in discharging –

25.1.1 all claims against the Fund which are accepted by the Trustees in terms of these Rules; and

25.1.2 thereafter all obligations of the JSE to the public arising out of the business of an exchange carried on by the JSE [as envisaged in article 15.2.1 of the Constitution of the JSE].

25.3 In the event of a merger, amalgamation or transfer of business by or to the JSE [as contemplated in article 4.3.3 of the Constitution];

25.3.1 the assets of the Fund shall not be dealt with pursuant to 25.1 or 25.2, notwithstanding that the JSE may be wound up [in terms of article 15 of the Constitution of the JSE] pursuant to such merger or transfer,

25.3.2 at the discretion of the Trustees, the fund may merge or amalgamate with or be transferred to any other fidelity or guarantee fund of the merged, amalgamated or transferee exchange[, as contemplated in article 4.3.3 of the Constitution].

AMENDMENTS TO THE RULES OF THE JSE FIDELITY FUND

18. PROPOSED AMENDMENTS TO SECTION 3 – ADMINISTRATION

3 Administration

3.1 The administrators of the Fidelity Fund shall be the controlling body of the JSE who may exercise their powers of delegation in respect of the administration of the Fidelity Fund in terms of the **[Constitution] Articles of Association** of the JSE.

19. PROPOSED AMENDMENTS TO SECTION 4 – DEFINITIONS

4 Definitions

For the purposes of these Rules –

4.8 "JSE" shall mean **[the JSE Securities Exchange South Africa] JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed to operate an exchange under the Securities Services Act;**

20. PROPOSED AMENDMENTS TO SECTION 13 – WINDING UP**13 Winding up**

- 13.1** If the JSE should be wound up [or **otherwise dealt with as envisaged in article 15 of the Constitution of the JSE**], the **assets** of the Fidelity Fund shall be used, subject to the derivatives rules and the Yield-X rules, in discharging –
- 13.1.1 first all **claims** against the Fidelity Fund which are **accepted by** the administrators in ~~terms~~ of these Rules;
- 13.1.2 ~~thereafter~~ all obligations of the JSE to the public arising out of the business of an exchange carried on by the JSE [as envisaged in article 15.2.1 of the Constitution of the JSE].
- 13.3** In the event of a merger, amalgamation or transfer of business by or to the JSE [as contemplated in article 4.3.3 of the Constitution of the JSE]:
- 13.3.1 the assets of the Fidelity Fund will not be dealt with pursuant to Rules 13.1.1 or 13.1.2, notwithstanding that the JSE may be wound up [in terms of article 15 of the Constitution] pursuant to such merger or transfer;
- 13.3.2 at the discretion of the administrators, the Fidelity Fund may *merge* or *amalgamate* with or be transferred to **any** other fidelity or guarantee fund of the merged, amalgamated or transferee exchange[, **as contemplated in the Constitution**].
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