

# BOARD NOTICE

## BOARD NOTICE 62 OF 2007

### SECURITIES SERVICES ACT, 2004

#### AMENDMENT TO THE YIELD-X RULES OF JSE LIMITED

1. in terms of section 61(5) of the Securities Services Act, 2004 (Act No. 36 of 2004), it is hereby notified that JSE Limited 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, Menio 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, I, Rob Barrow, hereby determine 4 June 2007 as the date on which the rules in the Schedule come into operation. If any objections are received, another commencement date may be determined ~~by~~ notice in the Gazette.

RJG BARROW  
REGISTRAR OF SECURITIES SERVICES

#### SCHEDULE

#### PROPOSED AMENDMENTS TO THE YIELD-X RULES

##### General explanatory notes

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

##### In the Yield-X Rules:

The term "an interest rate security" wherever the same appears is substituted by the term 'a Yield-X security'.

The term "interest rate security" wherever the same appears is substituted by the term "Yield-X security".

The term "interest rate securities" wherever the same appears is substituted by the term "Yield-X securities".

The term "loan stock" wherever the same appears is substituted by the term "bonds".

#### 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 –

<u>"currency derivatives"</u>	<u>means those Yield-X securities which are derivative instruments and the financial terms of which are determined by a rate of exchange;</u>
<u>"derivative instrument"</u>	<u>has the same meaning as that contained in section 1 of the Act;</u>
<u>"interest rate derivatives"</u>	<u>means those Yield-X securities which are derivative instruments the financial terms of which are determined by a rate of interest;</u>

[" <b>interest rate securities</b> "] " <u>Yield-X securities</u> "	means those JSE listed securities traded on the Yield-X trading system; [and the financial terms of which are evidenced by a rate of interest and includes . (a) futures contracts in terms of which the <b>expiry</b> month is specified, (b) option contracts in terms of which the expiry month, the strike price, and whether it is a put option contract or a call option contract, <b>is</b> specified, and (c) loan stock in terms of which the periodic interest payment and the maturity date <b>is</b> specified;]
[" <b>loan stock</b> "] " <u>bonds</u> "	[means an instrument creating or acknowledging indebtedness of the issuer of the instrument;] <u>means those Yield-X securities which create or acknowledge indebtedness of the issuer:</u>

## 6.20 Contract specifications of [interest rate] Yield-X securities

- 6.20.1 The contract specifications of [interest rate securities] interest rate derivatives and currency derivatives contained in the list of [interest rate securities] Yield-X securities kept in terms of these Yield-X rules shall be determined by the JSE Executive.

## 7.85 Transactions in currency derivatives

### 7.85.1 Trading and holding positions in currency derivatives

This rule sets out the compliance obligations applicable to members in relation to trading and holding positions in currency derivatives, as approved in terms of Exchange Control Circular 10/2007 of 21 February 2007.

### 7.85.2 Qualifying clients

For the purposes of this rule, the following categories of clients are permitted to trade and hold positions in currency derivatives and are referred to as "qualifying clients":

7.85.2.1 A non-resident;

7.85.2.2 A resident, who is a natural person; or

7.85.2.3 A resident, who is not a natural person and who has a valid Exchange Control Approval in place.

### 7.85.3 Qualifying members

7.85.3.1 A trading member who is an authorised dealer and has been granted specific approval by the Exchange Control Department of the South African Reserve Bank to act as a market maker in the trading of currency derivatives is referred to as a "qualifying member".

7.85.3.2 A qualifying member may trade in currency derivatives –

7.85.3.2.1 with or on behalf of qualifying clients; or

7.85.3.2.2 for its own account; and

may hold proprietary positions in currency derivatives.

### 7.85.4 Non-qualifying members

7.85.4.1 A trading member who is not a qualifying member, in terms of rule 7.85.3.1, is referred to as a "non-qualifying member".

7.85.4.2 Subject to rule 7.85.4.3, a non-qualifying member may trade in currency derivatives –

7.85.4.2.1 with or on behalf of qualifying clients; or

7.85.4.2.2 for its own account intra-day.

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- 7.85.4.3 A ~~non-qualifying~~ member may not hold proprietary positions in currency derivatives and any positions held must be closed prior to the end of the day.
- 7.85.4.4 A ~~non-qualifying~~ member must report, by 09h00 on the following business day, any positions held at the end of the day to the Settlement Authority, with the reason for the breach of this rule, where that member has not –
- 7.85.4.4.1 allocated trades in currency derivatives to ~~qualifying~~ clients or another member in terms of rules 7.100.6 or 7.100.7;
  - 7.85.4.4.2 assigned trades in currency derivatives to ~~qualifying~~ clients or another member in terms of rule 7.110.6; or
  - 7.85.4.4.3 closed out a ~~proprietary~~ position in currency derivatives by the end of the day.
- 7.85.4.5 The JSE will report the positions and the reasons ~~provided by the member to the~~ Exchange Control Department of the South African Reserve Bank on a ~~daily~~ basis.
- 7.85.5 In addition to the client acceptance, registration and maintenance procedures provided for in rule 7.80.2, a trading member must undertake the following additional procedures when trading in currency derivatives with or on behalf of a client:
- 7.85.5.1 Verify that the client is a ~~qualifying~~ client in terms of rule 7.85.2 and obtain a copy of a valid Exchange Control Approval where applicable;
  - 7.85.5.2 Ensure that the client registration form for a new or an existing client is accurately completed and specifically that –
    - 7.85.5.2.1 the category of ~~qualifying~~ client is clearly indicated;
    - 7.85.5.2.2 the identity number or company or close ~~corporation~~ number is accurately recorded;
    - 7.85.5.2.3 the Exchange Control Approval number and expiry date, where applicable, are accurately recorded; and
    - 7.85.5.2.4 the Exchange Control Approval has not expired.
  - 7.85.5.3 A copy of the Exchange Control Approval, where applicable, must be forwarded to SAFCOM, together with the completed client registration form.
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