

BOARD NOTICE 109 OF 2010**SECURITIES SERVICES ACT, 2004****PROPOSED AMENDMENTS TO THE RULES OF STRATE LIMITED**

1. In terms of section 61(5) of the Securities Services Act, 2004 (Act No. 36 of 2004), it is hereby notified that Strate 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, Menlo Park, 0102, or at the following email address: normanm@fsb.co.za, 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, Dube Tshidi, hereby determine 9 August 2010 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.

DP TSHIDI
REGISTRAR OF SECURITIES SERVICES

SCHEDULE**PROPOSED AMENDMENTS TO STRATE 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

3 CSD PARTICIPATION**Issuers**

- 3.14 In order for its Securities to be deposited in the CSD, an Issuer of Eligible Securities must be admitted by the Controlling Body in terms of the Rules.
- 3.15 The Issuer shall make an application for admission to the Controlling Body on a prescribed form, and the application shall be accompanied by payment of a prescribed fee as stipulated by Directive.
- 3.16 In order to remain admitted, an Issuer must comply with the Act, Rules, Directives and other conditions imposed by the Controlling Body.
- 3.17 Where an Issuer has breached the Rules or Directives, the Controlling Body may suspend the provision of services by the CSD to the Issuer, or impose conditions or take any other action it may deem fit in regard to that Issuer.
- 3.18 Where the Controlling Body is considering suspending the provision of services by the CSD to an Issuer, the Controlling Body must:
 - 3.18.1 notify the affected Issuer of the imminent suspension;
 - 3.18.2 give the affected Issuer an opportunity to make written representations to the Controlling Body in support of the continued provision of the services prior to the Controlling Body making its decision; and
 - 3.18.3 notify the Exchange, where applicable.

- 3.19 Where the Controlling Body has exercised its discretion to suspend the provision of services by the CSD in terms of Rules 3.17 and 3.18, the Controlling Body must notify the Exchange, where applicable, in writing of its decision.

9 FEES AND CHARGES

- 9.1 The Controlling Body may from time to time determine fees and charges to be paid by Participants, Issuers and other persons.
- 9.2 The Controlling Body must, within a reasonable time prior to their imposition, notify Participants, Issuers and other persons of the applicable fees and charges.
- 9.3 ...
- 9.5 If the arrears are not paid by the Participant, Issuer or other persons within 14 (fourteen) calendar days of the expiry of the period referred to in Rule 9.3, or any extended period granted by the Controlling Body, the Controlling Body may suspend or terminate participation of the Participant, the provision of services by the CSD to the Issuer or other person, or take any other **[disciplinary]** action deemed appropriate by the Controlling Body.

11 SUPERVISION

- 11.1 ...

Investigations

- 11.2 The Controlling Body may:
- 11.2.1 ...
- 11.2.2 on 2 (two) Business Days prior notice to Participants perform on-site visits at Participants, unless the Controlling Body determines there is imminent danger in terms of the Rules in which case no prior notice **[may] need** be given; and
- 11.2.3 ...

12 DISCIPLINARY PROCEDURE

- 12.1 If during the course of or after any investigation, the Head of Supervision is satisfied, on the basis of the information in **[his/]** her possession, that there are grounds for an allegation of improper conduct, she may refer the matter to the Regulatory Committee or directly to the Tribunal in terms of Rule 12.10 [the Rules].

Powers of the Head of Supervision

- 12.2 ...
- 12.6 The Regulatory Committee may deal with a matter referred to it by the Head of Supervision in terms of Rule 12.1 or following a demand contemplated by Rule 12.5. [if it finds the person guilty of the conduct which forms the subject of the allegation, impose a penalty less severe than that imposed by the Head of Supervision.]

Regulatory Committee

- 12.7 ...

- 12.9 Any person in respect of whom the Regulatory Committee has imposed a penalty in terms of Rule 12.7 may demand, within a period of 10 (ten) Business Days after the imposition of such penalty, that the matter be heard *de novo* by the Tribunal, in which event [. **In the event of the matter being heard by the Tribunal,**] publication and notification of the decision of the Regulatory Committee shall be postponed until the matter has been determined by the Tribunal.

Formal charge

- 12.12 Where the Controlling Body has pro[e]ferred a formal charge against a respondent, the charge sheet must be **[in a form stipulated by Directive and be]** served on the respondent in accordance with the provisions relating to the service of notices under the Rules.

Charge Sheet

- 12.14 A respondent:
- 12.14.1 ...
- 12.14.3 must, if no admission of guilt is tendered to the Controlling Body or if the respondent decides not to admit guilt to the charges, file a defence to such charges on or before 10 (ten) Business Days after the date on which the charge sheet was served on the respondent or within 10 (ten) Business Days after the date on which **[the Controlling Body has responded to]** the request for further particulars has been responded to.
- 12.14.4 ...
- 12.14.5 Extension of the time periods set out in this Rule, including the date for the hearing of the charges, shall only be permitted by the chairperson of the Tribunal on good cause shown. [No extension of the time periods set out in this Rule, including the date for the hearing of the charges shall be allowed without good reason. Furthermore no such extension shall be allowed unless the consent of the chairperson of the Tribunal is obtained.]

Tribunal Hearing

- 12.15 In a hearing before a Tribunal:
- 12.15.1 any charges pro[e]ferred shall be decided on a balance of probabilities;
- 12.15.2 ...
- 12.15.4 each party [the parties] may be represented by either an employee of that [the] party and/ or by a legal representative at that party's [the parties'] own cost;
- 12.15.5 ...
- 12.15.8 the Tribunal shall within 10 (ten) Business Days after the conclusion of a hearing, give written reasons for its decision to each party, and may, where applicable, give such reasons to the parties' supervisory or regulatory body [institution]; and
- 12.15.9 each party to the proceedings [a proceeding or appeal] shall bear its own costs in relation to the proceedings **[or appeal]**, unless otherwise directed by the Tribunal.
- 12.16 ...
- 12.18 When any person has been found guilty of improper conduct by the Regulatory Committee or Tribunal pursuant to the Rules, the Regulatory Committee or the Tribunal:
- 12.18.1 ...

- 12.18.3 may, where the Participant or officer, [or] employee of a Participant has been found guilty of improper conduct, on such conditions as the Regulatory Committee or the Tribunal deems fit, order that particulars of the offence and or finding of the Regulatory Committee or the Tribunal and or the penalty imposed to be advised to Participants and or published in the media or otherwise, provided that if publication is ordered, the respondent shall be given an opportunity to make representations to the Regulatory Committee or the Tribunal in this regard.

12.19 ...

Payment of Fine

- 12.20 Should a Participant, officer, employee or agent of a Participant fail to pay any fine imposed by the Head of Supervision, the Regulatory Committee or the Tribunal, or any fine imposed pursuant to an admission of guilt, within 20 (twenty) Business Days after being informed of the amount of the fine, or after the signing of an admission of guilt, the Controlling Body may, after serving notice of not less than 3 (three) Business Days on such person:

12.20.1 ...

14. GENERAL

Limitation of liabilities, warranties and indemnities

14.1.1 ...

- 14.1.2 The CSD, any director, executive officer, officer, employee or representative of the CSD, or the Controlling Body or a committee of the Controlling Body is not liable for any loss sustained by or damage caused to any person as a result of anything done or omitted by:

14.1.2.1 the CSD, a director, executive officer, officer, employee or representative of the CSD, Controlling Body or any committee of the Controlling Body; or

14.1.2.2 a participant

in the bona fide or negligent performance of any function under or in terms of the Act, the Rules or Directives of the CSD.

14.1.3 ...

- 14.1.4 In addition to the statutory warranties and indemnities provided for in section 91A of the Companies Act and the Act, every Participant, Issuer of Securities and Client shall be deemed to have indemnified [hereby indemnifies] the CSD, its directors, officers, employees or agents against any loss, legal costs, damage or liability suffered or incurred by the CSD, as a result of any grossly negligent or willful act or omission, on the part of such Participant, Issuer of Securities or Client, as the case may be, or any of their officers, employees or agents.

14.1.5 Each Participant, Issuer of Securities and Client shall be deemed to have waived [hereby waives] any claim that it may have against the CSD, its directors, executive officer, officers, employees or representatives resulting from any negligent performance or failure to perform by the CSD, its directors, executive officer, officers, employees or representatives of any function under or in terms of the Act, the rules or directives.