

BOARD NOTICE 133 OF 2011**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 2 September 2011 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

Definitions

- 1.2 In the Rules, unless the context otherwise requires or indicates: –

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'Insolvency Administrator' means a person authorised to administer an Insolvency Proceeding by a court or any national legislation, or the laws of a country other than the Republic of South Africa, including a person authorised on an interim basis;

'Insolvency Proceeding' means a judicial or administrative proceeding or both, authorised in or by national legislation or the laws of a country other than the Republic of South Africa, including an interim proceeding, in which the assets and affairs of a person are subject to control or supervision by a court or an Insolvency

Administrator for the purpose of re-organisation, business rescue, curatorship or liquidation, and includes, but is not limited to, any such proceeding under –

- (a) the Companies Act;
- (b) the Insolvency Act, 1936 (Act No. 24 of 1936);
- (c) the Banks Act, 1990 (Act No. 94 of 1990);
- (d) the Financial Institutions (Protection of Funds Act), 2001 (Act No. 28 of 2001); and
- (e) the National Payment Systems Act, 1998 (Act No. 78 of 1998);

...

'Primary Participant' means the Participant responsible for administering a Segregated Depository Account, and who will be replaced by a Secondary Participant in the event of an Insolvency Proceeding against such Primary Participant;

'Secondary Participant' means the Participant appointed by a Client to administer a Segregated Depository Account in the event of an Insolvency Proceeding against the Primary Participant;

'Segregated Depository Account' means a designated Central Securities Account opened in the name of a Client, administered by a Participant and clearly segregated and distinguishable from the Participant's Central Securities Account;

...

1.3 For the purpose of the definition of 'Insolvency Proceeding', a proceeding referred to in that definition commences:

- (a) in relation to a judicial proceeding, on the granting of an interim order; and
- (b) in relation to an administrative proceeding, on the filing of a resolution by a company, or the appointment of an Insolvency Administrator, as the case may be;

in accordance with national legislation or the laws of a country other than the Republic of South Africa.

5. DUTIES OF PARTICIPANTS

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Client mandate

5.6.3 The mandate must contain at least provisions that:

5.6.3.10 where a Segregated Depository Account has been opened, the Client may appoint and sign a written mandate with a Secondary Participant. Each of the mandates signed with the Primary and Secondary Participants must confirm that in the event of an Insolvency Proceeding against the Primary Participant, the CSD may take such action as is necessary in accordance with the Act, Rules, Directives and Client mandate.

5.6.3.[10]11 ...

6. ACCOUNTS OTHER THAN MONEY MARKET SECURITIES

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Segregated Depository Accounts

6.13.1 A Primary Participant may open, maintain and close Segregated Depository Accounts for its Clients as stipulated by Directive.

6.13.2 A Segregated Depository Account may be opened in the Own Name of a Client, or in the name of a Nominee.

6.13.3 A Primary Participant is responsible for administering its Client's Segregated Depository Account in accordance with the provisions of the Act, Rules, Directives and Client mandate.

6.13.4 Where a Segregated Depository Account is opened in accordance with Rule 6.13.1, a Client may appoint a Secondary Participant that has agreed to act as such and as stipulated by Directive. On assenting to act as a Secondary Participant, such Participant must conclude a mandate with the Client containing the minimum provisions as stipulated in the Rules and Directives, and confirm in writing to the CSD that it has assented to act as a Secondary Participant and has concluded the required mandate.

6.13.5 Where a Secondary Participant has been appointed in accordance with Rule 6.13.4, such Secondary Participant must open and administer a Segregated Depository Account in the event of an Insolvency Proceeding against such Client's Primary Participant, in accordance with the Rules and Directives.

6.13.6 A Client may only operate its Segregated Depository Account through its Primary Participant. In the event of an Insolvency Proceeding against the Client's Primary Participant, the Client may only operate its Segregated Depository Account through the Secondary Participant appointed in accordance with Rule 6.13.4, and in accordance with the Rules and Directives.

Movement of Securities from Primary Participant to Secondary Participant

6.13.7.1 Notwithstanding the provisions of Rule 5.6.3.6, in the event of an Insolvency Proceeding against a Client's Primary Participant, the CSD must, upon instruction by the Secondary Participant, as stipulated by Directive, move the unencumbered Securities held in a Segregated Depository Account administered by a Primary Participant to a Segregated Depository Account administered by a Secondary Participant appointed in accordance with Rule 6.13.4.

6.13.7.2 The movement of Securities held in the Segregated Depository Accounts from the Primary Participant to the Secondary Participant, in accordance with 6.13.7.1, does not constitute a change in ownership, and transfers no greater rights or lesser obligations to the account holder.

6.13.8 The following operational provisions will apply to Segregated Depository Accounts:

6.13.8.1 Transfer of ownership of Securities in a Segregated Depository Account shall be effected by the debiting of the Segregated Depository Account or Securities Account from which the transfer is effected and the crediting of the Segregated Depository Account or Securities Account to which the transfer is effected, as the case may be, in accordance with the Act, Companies Act, where applicable, Rules and Directives.

6.13.8.2 A transferee shall, upon the crediting of the Segregated Depository Account, become the owner of the Securities.

6.13.8.3 Transfer of ownership of Securities in accordance with Rules 6.13.8.1 and 6.13.8.2 shall occur notwithstanding any fraud, illegality or insolvency which may affect the Securities in respect of which the transfer was effected or which may have resulted in the transfer being effected: provided that a transferee who was a party to or had notice of the fraud or illegality may not rely on this Rule.

- 6.13.8.4 Only the CSD may credit or debit Securities in Segregated Depository Accounts.
- 6.13.8.5 The CSD must only transfer Securities or make any other Entry in a Segregated Depository Account on receipt of an Authenticated Instruction from a Participant, and in accordance with the Rules and Directives.
- 6.13.8.6 A Participant must ensure that all Securities credited or debited to its Clients' Segregated Depository Accounts are credited or debited to the relevant Securities Accounts in its records.
- 6.13.8.7 Nothing in this Rule 6.13 shall prejudice any power of the CSD to effect transfer to a person to whom the right to any Securities held in a Segregated Depository Account has been transmitted by operation of law or agreement, or pursuant to a court order.
- 6.13.8.8 The Segregated Depository Account shall be sufficient proof of any matters directed or authorised to be entered therein by the Act, Companies Act, where applicable, Rules, Directives and Client mandate.
- 6.13.9 Settlement of transactions in Securities held in Segregated Depository Accounts must take place in the manner stipulated by Directive and in accordance with the Act, Companies Act and Rules.
- 6.13.10 The requirements of the Act, Companies Act, Rules and Directives applicable to Securities Accounts shall also be applicable to any Segregated Depository Accounts and corresponding Securities Accounts. In the event of a conflict between another provision of the Rules or Directives and this Rule 6.13, then to the extent of such conflict, the provisions of this Rule 6.13 shall prevail.