

BOARD NOTICE 121 OF 2012**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: norman.muller@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 6 August 2012 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

1 INTERPRETATION AND DEFINITIONS

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Definitions

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

'Issuer' means an entity which issues Eligible Securities, including a Foreign Incorporated Company;

2 POWERS, MANAGEMENT AND CONTROL

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2.7 The Controlling Body must make, and may amend, Rules that comply with section 39 of the Act and must supervise compliance with the Rules by Participants.

2.8 The Controlling Body must publish proposed Rules, any new Rule or amendment to the Rules and the date when such new Rule or amendment shall become effective, in notices to all Participants and Issuers, where affected.

2.9 If Participants or Issuers wish to object or propose amendments to a proposed Rule, they must lodge an objection or proposed amendment with the Controlling Body, accompanied by an explanation of the reasons for the objection or proposed amendment, within 15 (fifteen) Business Days.

2.10 The Controlling Body shall consider all objections and proposed amendments received from Participants and Issuers before submitting the proposed Rule for approval by the Registrar.

[2.8 The Controlling Body must notify the Participants, and Issuers, where affected, of any new Rule or amendment to the Rules indicating when such new Rule or amendment shall become effective.]

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[2.17] 2.20 The non-receipt of a notice under this Rule by a Participant or Issuer does not invalidate the Rule or Directive concerned.

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3.7.7 [If the application is rejected, the Controlling Body must within a reasonable time notify the applicant of the rejection and provide the reasons for such rejection to the Applicant.]Where the Controlling Body has determined that an application should be rejected, it must, within a reasonable time, provide notice of its intended decision, together with the reasons for that decision, to the Applicant. The Applicant shall then have the right, within 5 (five) Business Days, to state its case, in either written or oral form, to the Controlling Body as to why its application should not be rejected. After considering any representations made, or in the absence of any representations being submitted within the prescribed period, the Controlling Body shall make its final decision on the matter.

3.10.1 The Controlling Body may suspend or terminate the participation of a Participant in terms of the Act under the following circumstances:

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3.10.6 [The CSD must give reasons to the Participant for its termination] Where the Controlling Body has determined that the participation of a Participant should be suspended or terminated, it shall first issue a notice of suspension, together with the reasons for that decision, to the Participant. The notice of suspension shall be effective immediately upon delivery to the Participant.

3.10.7 The Participant shall then have the right, within 5 (five) Business Days, to state its case, in either written or oral form, to the Controlling Body as to why the suspension of its participation should be lifted, and, in addition, why its participation should not be terminated. After considering any representations made, or in the absence of any representations being submitted within the prescribed period, the Controlling Body shall make its final decision on the continued suspension and/or termination of the participation of the Participant.

[3.10.7] 3.10.8 The CSD must give immediate notice of the suspension and / or termination to the Registrar and other Participants, within the category of Participants in which the Participant has been suspended and / or terminated, and the effective date of such suspension and / or termination.

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6. ACCOUNTS OTHER THAN MONEY MARKET SECURITIES ACCOUNTS

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Information in respect of accounts and the Uncertificated Securities Register

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6.8.7 Participants must retain records of Securities Accounts for a minimum period of 7 (seven) years from the date when such Securities Accounts ceased to have any Securities holdings.

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7. MONEY MARKET SECURITIES OWNERSHIP REGISTER

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7.3 MM Securities Accounts

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- 7.3.13 Subject to 7.3.16.3, a Client may only operate its MM Securities Account through the Participant that opened the MM Securities Account in the Securities Ownership Register on behalf of such client.

Appointment of a Secondary Participant

- 7.3.14 Where a MM Securities Account has been opened, 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.

- 7.3.15 Where a Secondary Participant has been appointed in accordance with Rule 7.3.14, such Secondary Participant must open and administer a MM Securities Account in the event of an Insolvency Proceeding against such Client's Primary Participant, in accordance with the Rules and Directives.

- 7.3.16 Where a Secondary Participant has been appointed in accordance with Rule 7.3.14:

- 7.3.16.1 the Participant that opened and is responsible for administering the MM Securities Account shall be deemed to be the Primary Participant;

- 7.3.16.2 the Secondary Participant must administer the MM Securities Account in the event of an Insolvency Proceeding against a Client's Primary Participant, in accordance with the Rules and Directives.

- 7.3.16.3 the Client may only operate its MM Securities Account through its Primary Participant. In the event of an Insolvency Proceeding against the Client's Primary Participant, such Client may only operate its MM Securities Account through the Secondary Participant appointed in accordance with Rule 7.3.14, and in accordance with the Rules and Directives.

Movement of Securities from Primary Participant to Secondary Participant

7.3.17 Notwithstanding the provisions of Rule 7.3.16.3, 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 MM Securities Account administered by a Primary Participant to a MM Securities Account administered by a Secondary Participant appointed in accordance with Rule 7.3.14.

7.3.18 The movement of Securities held in the MM Securities Accounts from the Primary Participant to the Secondary Participant, in accordance with 7.3.17, does not constitute a change in ownership, and transfers no greater rights or lesser obligations to the account holder.

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7.4 Information and Reporting in respect of MM Securities Accounts

7.4.1 Each Participant must maintain in respect of each Client and every MM Securities Account must have, the following details:

7.4.1.1 Unique Client Code;

7.4.1.2 Client Identification Data, name and address of the Client;

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Disciplinary Powers of the Head of Supervision

12.1 If during the course of or after any investigation, the Head of Supervision is satisfied on the basis of the information in 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 the Rule 12].

12.2 Where the Head of Supervision determines that a Participant or other person bound by the Rules has failed to comply with the Rules or Directives she may give notice to the Participant or other person of her intention to impose a fine or take such enforcement action as set out in the relevant Directive. [impose a fine or take any enforcement action, as set out in the relevant Directive.] Any notice given by the Head of Supervision under this Rule must contain the reasons for her decision, as well as a clear indication of the fine or other enforcement action that is contemplated.

12.3 A Participant or other person may, within 5 (five) Business Days after receipt of a notice issued under Rule 12.2, make written or oral representations to the Head of Supervision in respect of the imposition of the fine or other enforcement action contemplated in the notice.

[12.3] 12.4 After considering the representations of the Participant or other person, or in the absence of any representations being submitted within 5 (five) Business Days, [T]he Head of Supervision may impose the fine or take the enforcement action as stipulated by the Directive, or decide not to impose such fine or take such action.

[12.4] 12.5 The Head of Supervision may direct that other Participants be notified of any action taken in terms of Rule [12.2] 12.4.

[12.5] 12.6 Within 5 (five) Business Days of a decision made by the Head of Supervision in terms of Rule 12.4, the affected Participant or other person may appeal such decision to the Regulatory Committee. [Any person in respect of whom the Head of Supervision has imposed a fine in terms of Rule 12.2 may demand, within a period of 3 (three) Business Days after the imposition of such fine, that the matter be heard de novo by the Regulatory Committee.] If the matter is appealed, [heard by the Regulatory Committee, publication and] notification of the decision of the Head of Supervision to other Participants must be postponed until the matter has been finally determined [by the Regulatory Committee].

Disciplinary Powers of the Regulatory Committee

[12.6] 12.7 The Regulatory Committee may deal with [a]ny matter referred directly to it by the Head of Supervision in terms of Rule 12.1, or any matter on appeal as [following a demand] contemplated by Rule [12.5]12.6.

[Regulatory Committee]

[12.7] 12.8 In the case of matters referred to it under Rule 12.1:-

12.8.1 Where, after reviewing the evidence presented to it by the Head of Supervision, the Regulatory Committee is of the opinion that [considers] an act of improper conduct appears on the face of it to have been committed [by a Participant], it shall give notice to the relevant Participant or other person of its intention to impose one or more of the penalties stipulated in the Act and the Rules. Any notice given by the Regulatory Committee under this Rule must contain the reasons for its decision, as well as a clear indication of the penalty that is contemplated.[it may impose any one or more of the penalties stipulated in the Act and the Rules.]

12.8.2 The Participant or other affected person may, within 5 (five) Business Days after receipt of a notice issued under Rule 12.8.1, make written or oral representations to the Regulatory Committee In respect of the improper conduct and/or the imposition of the penalty contemplated in the notice. The Regulatory Committee may also call upon the Participant or other affected person to provide any relevant or additional information which it deems necessary.

[12.8 The Regulatory Committee may not impose any penalty on a person charged with improper conduct unless –

12.8.1 the allegation has been put to the person under investigation; and

12.8.2 such person has been given an opportunity of explaining (either orally or in writing) his or her conduct, after being warned that any explanation may be used in evidence against him or her.]

12.8.3 After considering the representations of the Participant or other affected person, or in the absence of any representations being submitted within 5 (five) Business Days, the Regulatory Committee may make its final decision on the improper conduct and/or the imposition of a penalty. The decision of the Regulatory Committee shall not be constrained by any previous decision that it has made.

12.8.4 The Regulatory Committee may direct that any action taken by it in terms of Rule 12.8.3 be published, and to whom it will be published.

12.9 In the case of matters referred to it under Rule 12.6:-

12.9.1 the Regulatory Committee shall weigh the evidence presented by the Head of Supervision against the representations of the Participant or other affected person submitted in terms of Rule 12.3, together with any additional evidence or representations as it may call upon the Head of Supervision or the Participant or other affected person to submit.

12.9.2 having considered the evidence, the Regulatory Committee shall make a decision on the matter. The decision of the Regulatory Committee shall not be constrained by any previous decision of either the Head of Supervision or of the Regulatory Committee itself.

12.9.3 notice of the decision, together with the reasons therefor, shall be given in writing to the Head of Supervision and the Participant or other affected person.

12.9.4 The Regulatory Committee may direct that any action taken by it in terms of Rule 12.9.2 be published, and to whom it will be published.

[12.9] 12.10 Within 15 (fifteen) Business Days of a decision made by the Regulatory Committee in terms of Rule 12.8.3 or 12.9.2, the Participant or other affected person may appeal such decision to the board of appeal established in terms of section 26 of the FSB Act. [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 publication and notification of the decision of the Regulatory Committee must be postponed until the matter has been determined by the Tribunal.]If the matter is appealed,

publication of the decision of the Regulatory Committee must be postponed until the matter has been finally determined.

[Appointment of Tribunal]

[12.10 to 12.17 delete]

[12.18] 12.11 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] 12.11.1 may, by a simple majority, impose any one or more penalties stipulated in the Act, provided that the Regulatory Committee [or the Tribunal] may suspend the imposition of the penalty for a period of time, as it deems fit;

...

[12.18.3 may, where the Participant or officer, 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 by other means, provided that if publication is ordered, the respondent must be given an opportunity to make representations to the Regulatory Committee or the Tribunal in this regard.]

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[12.20] 12.13 Should a Participant or other person [, officer, employee or agent of a Participant] fail to pay any fine imposed by the Head of Supervision[, or 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 5 (five) Business Days on such person:

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[12.22] 12.15 The Controlling Body may charge interest on any overdue fine imposed on a Participant or other person under the Rules at the prime lending rate offered by the CSD's principal bank.

[12.23 A Tribunal may, upon good cause shown and subject to such conditions as the Tribunal may impose, review any penalty which it may have previously imposed on any person.]