

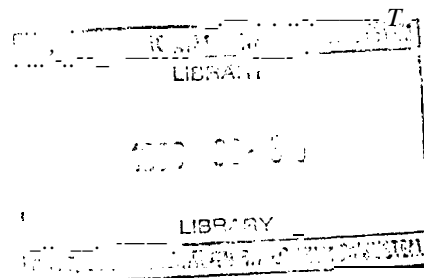
REPUBLIC OF SOUTH AFRICA

FINANCIAL MARKETS CONTROL AMENDMENT BILL

(As introduced in the National Assembly as a section 75 Bill; Bill published in Government Gazette No. 20336 of 30 July 1999) (The English text is the official text of the Bill)

(MINISTER OF FINANCE)

[B 38—99]



REPUBLIEK VAN SUID-AFRIKA

WYSIGINGSWETSONTWERP OP BEHEER VAN FINANSIËLE MARKTE

(Soos ingedien in die Nasionale Vergadering as 'n artikel 75-wetsontwerp; Wetsontwerp in Staatskoerant No. 20336 van 30 Julie 1999) (Die Afrikaans teks is die amptelike vertaling van die Wetsontwerp)

(MINISTER VAN FINANSIES)

[W 38—99]

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GENERAL EXPLANATORY NOTE:

Words underlined with a solid line indicate insertions in existing enactments.

BILL

To amend the Financial Markets Control Act, 1989, so as to further regulate the Minister's power to make regulations; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 37 of Act 55 of 1989, as amended by section 19 of Act 7 of 1993 and section 26 of Act 55 of 1995

1. Section 37 of the Financial Markets Control Act, 1989, is hereby amended by the 5 substitution for paragraph (e) of subsection (1) of the following paragraph:

“(e) the manner in which the amalgamation of financial exchanges, or of a financial exchange and a stock exchange, and the transfer of the business of a financial exchange or part of its business to another financial exchange or a stock exchange may take place;”.

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Short title

2. This Act is called the Financial Markets Control Amendment Act, 1999.

MEMORANDUM ON THE OBJECTS OF THE FINANCIAL MARKETS CONTROL AMENDMENT BILL, 1999

1. Scope of Bill

The Bill proposes an amendment of section 37 of the Financial Markets Control Act, 1989 (Act No. 55 of 1989) ["the Act"], so as to enable the Minister of Finance to make regulations regarding the manner in which the amalgamation of a financial exchange and a stock exchange and the transfer of the business of a financial exchange or part of its business to a stock exchange may take place.

2. Amendment of section 37 of the Financial Markets Control Act, 1989

(a) Current position

Section 37(1)(e) of the Act currently enables the Minister of Finance to make regulations regarding the amalgamation of financial exchanges and the transfer of a financial exchange or part of its business to another financial exchange. "Financial exchange", as defined in the Act, does not include a stock exchange and the Minister may therefore not make regulations regarding the amalgamation of a financial exchange and a stock exchange.

(b) New approach

The proposed amendment of section 37(1)(e) of the Act empowers the Minister to also make regulations regarding the manner in which the amalgamation of a financial exchange and a stock exchange may take place.

(c) Reason

The Bond Exchange of South Africa (BESA), the South African Futures Exchange (SAFEX) and the Johannesburg Stock Exchange (JSE) have decided to amalgamate their businesses. The reason for the proposed amendment is to facilitate such an amalgamation.

3. Consultation

The following bodies were consulted:

- * Afrikaanse Handelsinstituut;
- * Association of General Banks;
- * Association of Property Unit Trust Management Companies;
- * Association of Unit Trusts;
- * Association of Black Securities and Investments Professionals;
- * Association of Participation Mortgage Scheme Managers;
- * Association for the Advancement of Black Accountants;
- * Bond Exchange of South Africa;
- * Business South Africa;
- * Council of South African Banks;
- * Central Depository Limited;
- * Consumer Council;
- * Department of Finance;
- * Fund Managers Association of South Africa;
- * Foundation for African Business and Consumer Services;
- * Free Market Foundation;
- * Institute of Financial Markets;
- * Investment Management Companies;
- * Johannesburg Stock Exchange;
- * Law Society of South Africa;
- * Life Offices' Association of Southern Africa;
- * National African Federated Chamber of Commerce;
- * National Black Consumer Union;
- * National Consumer Forum;
- * Policy Board for Financial Services and Regulation;
- * Portfolio Committee on Finance (National Assembly);
- * Public Accountants and Auditors Board;
- * Public Property Syndication Association;
- * Registrar of Banks;

- * Select Committee on Finance (National Council of Provinces);
- * Shareholders' Association of South Africa;
- * South African Chamber of Business;
- * South African National NGO Coalition;
- * South African Futures Exchange;
- * The Association of Trust Companies in South Africa;
- * The SA Institute of Chartered Accountants.

4. Financial implications for State

None.

5. Parliamentary procedure

The Financial Services Board and the State Law advisers are of the view that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution since it contains no provision to which the procedure set out in section 74 or 76 of the Constitution applies.