

Market Notice

Number: 057
Date 1 June 2010

Proposed Amendments to the equities rules and directives

Members are advised that the amendments to the equities rules and directives, attached as Annexure A and B respectively, were adopted by the Executive Committee on 31 May 2010.

The purpose of these amendments is to provide for the implementation of the hidden order functionality (branded Block X) in the JSE equities trading system.

Equities rules

1. A new definition for "hidden orders" is proposed.
2. It is proposed that the rules relating to the delayed publication in respect of the OP trade type be amended. The hidden order functionality is dependent on the Minimum Order Size field which is currently used to determine whether the publication of an OP trade may be delayed. Consequently with the introduction of the hidden order functionality, the equities trading system will no longer support delayed publication functionality for the OP trade type.

Equities directives

It is proposed that existing directive BT 6.3 and 6.4 are deleted as these requirements are automated in the equities trading system and it is unnecessary to provide compliance requirements for processes that are controlled by the trading system.

Unless objections are lodged in terms of rule 2.60.3 within 10 days of this Notice, the proposed amendments to the directives will take effect and the proposed amendment to the rules will be submitted to the Registrar for his approval.



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: RM Loubser (CEO), NF Newton-King, F Evans (CFO), JH Burke, LV Parsons
Non-Executive Directors: HJ Borkum (Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence, W Luhabe, A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne, G Serobe
Alternate Director: J Berman

Members are referred to the *JSE Block X Service and Technical Description (19 May 2010)* and the *JSE Block X Presentation (01 June 2010)* documents on the JSE website:

<http://www.jse.co.za/Documents-and-Statistics/JSE-Trading-and-Information-Systems.aspx>

Queries related to the hidden order functionality may be addressed to Gwen Linen on 011 520 7133 or gwenl@jse.co.za.

Should you have any queries in respect of the proposed amendments to the rules and directives, please do not hesitate to contact the undersigned.

Anne Clayton

Designation Senior Manager

Division Surveillance

Tel +27 11 520 7034

Fax +27 11 520 8034

E-mail address: annec@jse.co.za

Distributed by the Company Secretariat +27 11 520 7346

PROPOSED AMENDMENTS TO THE EQUITIES 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.

1.40 In the rules –

“Act”

...

“hidden order”

means an order submitted to the central order book where the order is not visible to other members and may execute in full or in part against eligible visible orders or other hidden orders;

...

6.30.5 The table below lists the reported transaction types and indicates –

- 6.30.5.1 whether the transaction may be conducted by one member or two members;
- 6.30.5.2 whether the transaction is published by the JSE **[and, if so, whether the publication to the market may be delayed]**.

Transaction description	Trade type code	Single member	Two members	Published
Bookbuild Trade	BK	No	Yes	Yes
Block Trade	BT	Yes	No	Yes
Corporate Finance Transaction	CF	Yes	Yes	Yes
Delta Trade	OD	No	Yes	No
Exercise of Options	OX	Yes	Yes	No
Exercise of Traded Options	TX	Yes	Yes	No
Exercise of Warrants	WX	Yes	Yes	No
Give-up Trade	GU	No	Yes	No
Late Trade	LT	Yes	No	Yes
Off Order Book Principal Trade	OP	Yes	No	[Delayed] <u>Yes</u>
Portfolio Transaction	PF	Yes	Yes	Yes
Post Contra Trade	PC	Yes	Yes	Yes

...

6.40.8 Off Order Book Principal Trade

[6.40.8.1] An off order book principal trade is a transaction where a member trades as a principal in a single equity security where the transaction -

6.40.8.[1.]1 has a minimum value of R500 000; and

6.40.8.[1.]2 comprises at least six times the exchange market size;

except where the transaction is with a foreign professional market participant in which case no minimum value or quantity of equity securities will apply.

[6.40.8.2 The details of an off order book principal trade may be delayed for publication until the earlier of -

6.40.8.2.1 80% of the risk profile of the transaction having been unwound, in which case the details of the transaction must be immediately released for publication by the member; or

6.40.8.2.2 the following business day.]

PROPOSED AMENDMENTS TO THE EQUITIES DIRECTIVES

General explanatory notes

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

BT Trading and Trade Reporting

The words defined in the rules will, if not inconsistent with the subject or content and unless they are defined in this directive, bear the same meaning in this directive.

1.
6. Order details and order types
 - 6.1 An order submitted to the JSE equities trading system must at least contain the following detail:
 - 6.1.1 capacity (agent or principal);
 - 6.1.2 client account reference number to which any associated trades will be booked;
 - 6.1.3 institutional identification number (where applicable);
 - 6.1.4 quantity of securities;
 - 6.1.5 minimum execution size (MES) in respect of a hidden order;
 - 6.1.5]6 ISIN code;
 - 6.1.6]7 JSE alpha code;
 - 6.1.7]8 trader group;
 - 6.1.8]9 trader identification number; and
 - 6.1.9]10 such other information as determined by the Market Controller from time to time.
 - 6.2 The only valid order types to be submitted to the JSE equities trading system are –
 - 6.2.1 limit order; **[and]**
 - 6.2.2 market order; **and**[.]
 - 6.2.3 hidden order (hidden pegged order or hidden limit order).
 - 6.3 **[A market order type may only be entered into the JSE equities trading system in an auction call period.]**
The quantity of securities of a hidden order at the time of submission of the order and, if applicable, on modification of the order must be greater than or equal to the Minimum Order Size (MOS).
 - 6.4 **[Market orders which are not matched at the end of an auction call period will automatically be expired.]**
The MES of a hidden order must be greater than or equal to the MOS.
 - 6.5 If the unexecuted quantity of a partially executed hidden order is less than the MOS, the order must either be deleted or it must be modified to ensure that it continues to meet the MOS and MES requirements in BT 6.3 and 6.4.
 - 6.6 The MOS per equity security will be determined by the Market Controller and the JSE will publish the MOS per equity security in a JSE Gazette.
7. ...