

Market Notice

Number: 061
Date: 8 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 7 June 2010.

The purpose of these amendments is to adjust the time that compulsory reverse substitution is executed (from 10h00 to 12h00) and the time by which members and CSDP must commit (from 12h00 to 14h00) on T+4. The rationale for these amendments is to provide members' European clients with more time on T+4 to make arrangements to ensure that their CSDP will commit to transactions timeously.

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

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Alternate Director: J Berman

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.

10.70 Non-controlled client settlement obligations

10.70.1 ...

10.70.5 In the absence of a commitment from the CSDP of a non-controlled client before 12h00 on the third business day after the trade date, the non-controlled client must nevertheless ensure that his CSDP commits to settle the transaction by **[09h00]** 11h00 on the fourth business day after the trade date.

10.70.6 If a non-controlled client fails to meet his obligations in terms of rule 10.70.5, which includes any indication by the non-controlled client, at any stage, that he is unable to settle a transaction, the member will, by no later than **[10h00]** 12h00 on the fourth business day after the trade date, assume the obligation to settle the transaction through the member's CSDP.

10.90 Member settlement obligations

10.90.1 ...

10.90.6 If a non-controlled client fails to comply with rule 10.70.3, or the member is advised or otherwise becomes aware, at any stage, that a non-controlled client is unable to settle a transaction, the member must, by no later than **[10h00]** 12h00 on the fourth business day after the trade date, assume the obligation to settle the relevant transaction.

10.90.7 A member must, by no later than **[12h00]** 14h00 on the fourth business day after the trade date, ensure that the CSDP of the member commits to settle any transactions, in respect of non-controlled clients, that the member is obliged to settle in terms of rule 10.90.6.

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.

EF Settlement timetable for transactions conducted in equity securities

Timing	Description	Activity	Rule
	Pre-trade	Member's pre-trade obligations 1 ...	
T+4	Fourth business day after trade day	Failure by client to meet obligations 13 A member will, by no later than [10h00] <u>12h00</u> , assume the obligation to settle the transaction through the member's CSDP in the event that the CSDP of a non-controlled client fails to commit to settle a transaction by [09h00] <u>11h00</u> . 14 A member must, by no later than [12h00] <u>14h00</u> , ensure that the CSDP of the member commits to settle the said transaction.	10.70.6, 10.90.6 and 10.70.5 10.90.7
[12h00] <u>14h00</u> – 16h00	Fourth business day after trade day	Settlement Authority's procedures 15 Where a member has acted in terms of EF 13 and is unable to procure the commitment to settle by his CSDP by [12h00] <u>14h00</u> , the Settlement Authority will endeavour by 16h00 to – 15.1 ...	

EJ Penalties

1. The following penalties will be levied by the JSE in respect of the relevant transgressions:

Transgression	Penalty
1.1 ...	
1.4 T+4 Where a member is required to assume the obligations of a non-controlled client to settle a transaction at [10h00] <u>12h00</u> on T+4 in terms of rule 10.70.6	R500 per occurrence
1.5 Where a member has assumed the obligations of a non-controlled client to settle a transaction and is unable at [12h00] <u>14h00</u> to procure a commitment of its CSDP to settle the transaction in terms of rule 10.90.7.	R500 per occurrence