Market Notice

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BLOCK-X GO LIVE IN PRODUCTION

Members are referred to the following:

1. Service Hotline TS2010/09 (attached) – issued 10 February 2010;
2. JSE Block-X Service and Technical Description - 1st issue (Jan 2010), 2nd issue (Feb 2010), 3rd issue (May 2010) on the JSE website;
3. JSE Market Communication session held in the JSE Auditorium (26 May 2010);
4. JSE Block-X Presentation (01 June 2010) document on the JSE website; and
5. Market Notice 057 – Proposed Amendments to the Equities Rules and Directives (01 June 2010).

JSE Block-X is planned to be implemented in the production environment through the introduction of two new order types viz.:

- Hidden Limit (HL) - Hidden limit orders allow participants to enter limit orders on to the order book without displaying either price or volume to other participants. Hidden orders are able to interact with both displayed orders and other hidden orders on the order book; and
- Hidden Mid price pegged (MP) orders - . Mid price pegged orders are hidden orders that track the mid of the visible best bid and offer. The trading system will manage the mid price pegged order by automatically modifying the order's price on the book as the reference price moves.

A 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.

These orders, in order to qualify as hidden, must be "large in scale" and have to comply with certain JSE requirements as documented in the JSE Block-X specification documentation.

The Hidden Order functionality has already been enabled in the Customer Development Service (CDS) since March 2010 for the purpose of providing users with an opportunity to test this functionality in preparation for implementation in the production environment.

Hidden Limit Orders will be configured for ZA01, ZA02 & ZA03 and Hidden Mid-Price Pegged Orders will only be configured for ZA01 and ZA02.

As a consequence of the new functionality, amendments to the current period rules have been effected to prevent Mid-Price Pegged Orders in segment ZA03 and prevent hidden orders in segments ZA04, ZA05 and ZA11. A complete list of the revised period rules are attached with the amendments in **bold.**

The hidden order functionality is optional, however, if users wish to implement this functionality, a mandatory successful conformance test must be conducted prior to implementation.

The JSE is currently engaged with the FSB on approval of the Block-X Rules and subject to this approval, the expected JSE Block-X production implementation date is currently scheduled for Monday, 12 July 2010.

Any queries related to the content of this market notice may be emailed to TradingServices@jse.co.za

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