

Market Notice

Number: 080
Date 12 July 2010

Amendments to the equities rules and directives

Members are referred to market notices 057 and 061 setting out amendments to the equities rules and directives and the motivation therefore.

The Registrar of Securities Services has, in terms of Section 61 of the Securities Services Act, No 36 of 2004, approved the rule amendments, which are attached as Annexure A, with effect from 12 July 2010.

The amendments to the directives, which are attached as Annexure B, are also approved with effect from 12 July 2010.

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

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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.]

...

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.

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.

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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] 12h00 , 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] 11h00 . 14 A member must, by no later than [12h00] 14h00 , 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] 14h00 – 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] 14h00 , the Settlement Authority will endeavour by 16h00 to – 15.1 ...	

...

EJ Penalties

- 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] 12h00 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] 14h00 to procure a commitment of its CSDP to settle the transaction in terms of rule 10.90.7.	R500 per occurrence