

SCHEDULE RELATING TO THE AMENDMENTS TO THE JSE 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 deletions from the existing rules.

Section 1: Interpretation and definitions

1.40 In the rules –

[“controlled account”]	[means an account reflecting the equity securities and funds of a controlled client or the equity securities of a member;]
<u>“controlled client account”</u>	<u>means an account reflecting the equity securities and funds of a controlled client;</u>
<u>“controlled client custody account”</u>	<u>means an equity securities account with a CSDP in the name of a member’s nominee company which reflects the uncertificated equity securities balances of the member’s controlled clients and through which settlement of transactions in equity securities for such controlled clients is effected;</u>
<u>“controlled client funds settlement account”</u>	<u>means a funds account with a CSDP in the name of a member used exclusively for the settlement of funds relating to transactions in equity securities on behalf of controlled clients;</u>
[“custody account”]	[means an equity securities account with a CSDP which reflects the uncertificated equity securities balances of controlled accounts of a member and through which settlement of transactions in equity securities is effected;]
“nominee register”	means the electronic record of ownership of uncertificated equity securities balances of controlled <u>clients</u> [accounts] maintained by a CSP;
<u>“proprietary account”</u>	<u>means an account reflecting the equity securities of a member;</u>
<u>“proprietary custody account”</u>	<u>means an equity securities account with a CSDP in the name of a member which reflects the uncertificated equity securities balances of the member and through which settlement of transactions in equity securities for the member’s own account is effected;</u>
<u>‘proprietary funds settlement account’</u>	<u>means a funds account with a CSDP in the name of a member used exclusively for the settlement of funds relating to transactions in equity securities for the member’s own account;</u>

Section 3: Authorisations and approvals

3.90 Nominee companies

A member who operates controlled client accounts must establish and maintain a nominee company which meets the following requirements:

- 3.90.1 The sole objective of the nominee company must be to act as the registered holder of securities exclusively on behalf of **[such member and its]** the member’s controlled clients;

Section 9: Client assets**9.10 Safeguarding of assets in controlled client accounts***Safeguarding of controlled clients' equity securities*

- 9.10.5 The necessary details of all equity securities of a controlled client must be recorded and stored in a nominee register in the BDA system in a manner which will render it possible at any time thereafter to establish readily the identity of the person entitled to the ownership of those equity securities. Such equity securities must be held in a **[securities custody account]** controlled client custody account with a CSDP.
- 9.10.7 A CSP that controls a nominee register must balance the equity securities daily with the **[securities custody account]** controlled client custody account at the CSDP. A monthly certificate must be furnished by the third business day after the BDA system month end to the Director: Surveillance, confirming that –
- 9.10.7.1 as at the BDA system month end, the equities securities balances in the nominee register have been agreed with the CSDP **[custody account]** controlled client custody account balances or, if there are differences, explaining the reasons for such differences; and
- 9.10.7.2 the equities securities balances in the nominee register have been reconciled daily with the CSDP **[custody account]** controlled client custody account balances and all the differences have been resolved; and
- 9.10.7.3 **[that]** no circumstances have arisen that have resulted in the improper use of controlled clients' equity securities.