

## MARKET NOTICE

**Number:** 064A/2024

**Relates to:** ☒ Equity Market  
☐ Equity Derivatives Market  
☐ Commodity Derivatives Market  
☐ Currency Derivatives Market  
☐ Interest Rate Derivatives Market  
☐ Bond Market  
☐ Bond ETP Market

**Date:** 01 March 2024

**SUBJECT:** PROPOSED AMENDMENTS TO THE JSE EQUITIES RULES AND DIRECTIVES – TRADING MEMBER MARKET ACCESS

**Name and Surname:** Shaun Davies

**Designation:** Director - Market Regulation

Dear Member,

Members are advised that the proposed amendments to the JSE Equities Rules and Directives, attached as Annexure A, were adopted by the JSE Rules Committee on 1 March 2024.

The level of automation adopted by market participants in their trading activities, and the prevalence of high-speed electronic trading in the JSE equities market, is continuously increasing. Notwithstanding the many benefits derived from the use of sophisticated trading technology by market participants, the risks associated with high-speed electronic trading need to be appropriately managed and the use of sophisticated technology is often a vital component of the measures that member firms need to implement to manage those risks, given the volume and complexity of members' trading activities.

The JSE Market Regulation Division is of the view that the current equity market rules and directives need to be enhanced to effectively address the range of issues associated with members' access to the JSE equities trading system. When compared to the requirements in a number of peer jurisdictions, there are some gaps in the manner in which the JSE equities rules and directives deal with the risks relating to the various forms of market access.

With these proposed amendments, the Market Regulation Division is seeking to close these gaps and ensure that the JSE rules and directives are 'fit-for-purpose' for the current market dynamics, where technology plays an ever increasing and important role.

These proposed amendments introduce some important new definitions and requirements which impose an obligation on members to establish and maintain appropriate systems of market access controls which are commensurate with the size and complexity of their trading operations, the degree to which order generation and submission is automated through algorithms or DMA, as well as the volume and frequency of orders being submitted to the JSE equities trading system. In addition, the member's market access controls must comply with the market access operational requirements in Directive BT 11.

The primary objective of these controls must be to ensure that each member addresses the risks associated with electronic access to the JSE by promoting the integrity and orderly operation of the JSE equities market, restricting or limiting the financial exposure of the member, and adhering to the regulatory capital requirements as prescribed in the rules and directives.

As part of the informal consultation process for these proposed amendments, the JSE Market Regulation Division consulted initially with a small sample group of members. Once this initial phase was completed, the JSE expanded the informal consultation process to include all members in the JSE's Equities Market. This informal consultation process has now been concluded, and we wish to thank the member firms for the valuable feedback that we received.

We have taken the feedback and comments that we received during the informal consultations into account in formulating the attached updated proposed amendments that we are now formally consulting on in terms of the JSE rules (refer to Annexure A). The changes that we have made to the initial proposed amendments have been highlighted for ease of comparison in the attached Annexure B.

Please refer to the explanatory memorandum, attached as Annexure C, for a full explanation of the proposed rule and directive amendments.

Unless written objections are lodged within 10 days of this notice, in terms of rule 2.60.3, the proposed rule amendments will be submitted to the Registrar for his approval.

Should you have any queries regarding this Market Notice, please contact Shuayb Mohamed on (011) 520 7824 or at [ShuaybM@jse.co.za](mailto:ShuaybM@jse.co.za)

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