**PROPOSED AMENDMENTS TO THE JSE EQUITIES RULES AND DIRECTIVES**

**General explanatory notes:**

1.  Words underlined with a solid line (___) indicate the insertions in the existing rules and directives

2.  Words in bold and in square brackets (**[    ]**) indicate deletions from the existing rules

**Proposed amendments to the JSE Equities rules**

# Section 1:  Interpretation and definitions

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|---|---|
| "algorithm" | means electronic order generating software whereby orders are generated for submission to the JSE equities trading system according to specific parameters, rules and conditions; |
| "direct market access" ("DMA") | means the process whereby an order is received electronically by a TSP from a client and then submitted electronically to the JSE equities trading system by means of a member trading **[an order entry]** application operated by the TSP, without the intervention of a registered securities trader; |
| "filters" | means part of a TSP's market access controls that comprise a set of computerised rules with variable parameters that determine automatically which orders or series of related orders meet a pre-defined set of criteria and can be submitted to the JSE equities trading system; |
| "member trading application" ("MTA") | means any system, software or program operated and controlled by a member **[which]** that submits data to and receives data from the JSE equities trading system**[;]**. A member trading application facilitates the submission of orders to the JSE equities trading system by a registered securities trader, as well as the submission of computer or system generated orders, including client order routing through DMA, and must comply with such requirements as the JSE may from time to time prescribe in these rules and directives; |
| **["order entry application"** | **means any system, software or program operated by a member which facilitates electronic submission of orders to a member trading application and which complies with such requirements as the JSE may from time to time prescribe in the directives;]** |

# Section 3:  Authorisations and approvals

**3.50       Requirements to perform trading services**

> 3.50.1     An applicant for membership or a member may request authorisation to perform trading services provided that it can evidence, to the satisfaction of the JSE, that it is able to comply with the market access and associated operational requirements set out in the rules and directives.

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3.50.1 amended with effect from 2 July 2012

3.50.2 An authorised TSP must continue to comply with the <u>market access and associated</u> operational requirements set out in the <u>rules and</u> directives on an ongoing basis in order to retain such authorisation.

3.50.3 An authorised TSP that provides trading services to controlled clients –

3.50.3.1 must either obtain authorisation to perform custody services on behalf of such clients or must appoint a CSP to perform custody services on behalf of that member; and

3.50.3.2 must establish and maintain a nominee company which is approved by the JSE and which meets the requirements of rule 3.90.

## Section 6:  JSE equities trading system

**6.10** **Use of the JSE equities trading system**

6.10.1 All transactions in equity securities by a member must be conducted through the central order book of the JSE equities trading system, unless the transaction meets the criteria set out in rule 6.40 for an off book trade.

6.10.2 The terms of an off book trade may be negotiated between the parties to the transaction and the purchase and sale legs of the transaction must then be submitted to the trading system by the member or members who are party to the transaction.

6.10.3 An off book trade negotiated off the trading system in terms of rule 6.10.2 is only deemed to be a valid transaction once the purchase and the sale legs of the transaction have been matched and confirmed by the trading system.

6.10.4 Orders entered into the central order book are matched based on the following order of priority:

6.10.4.1 price;

6.10.4.2 whether the order is visible to the market;

6.10.4.3 time of entry into the central order book.

6.10.5 A person who seeks to be registered with the JSE as a registered securities trader must satisfy the fit and proper requirements of rule 4.10 and must have obtained a pass in the registered securities trader examination prescribed by the JSE.

6.10.6 Despite any other provision of the rules or any directive and subject to rule 2.10, the Market Controller may –

6.10.6.1 decide that the market or segments of the market in equity securities be paused, suspended, halted or closed if he is of the opinion that a fair and realistic market does not exist. A fair and realistic market may be deemed not to exist after consideration of the percentage of members not able to access the JSE systems and their contribution to price formation and value traded;

6.10.6.2 reduce or extend the hours of operation of the JSE equities trading system for any particular business day;

6.10.6.3 without prior notice to any person, pause, suspend, halt or close the JSE equities trading system for trading at any time and for any period; and

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3.50.2 amended with effect from 2 July 2012
3.60.1 amended with effect from 28 March 2014
6.10.1 amended  with effect from 2 July 2012
6.10.2 introduced with effect from 2 July 2012
6.10.3 introduced with effect from 2 July 2012
6.10.4 introduced with effect from 2 July 2012
Old 6.10.2 renumbered 6.10.5 with effect from 2 July 2012
Old 6.10.3 deleted with effect from 2 July 2012
Old 6.10.4 renumbered 6.10.6  and amended with effect from 2 July 2012

6.10.6.4     take such other steps as may be necessary to ensure an orderly market.

6.10.7     Despite any other provision of the rules or any directive and subject to rule 2.10, the Market Controller, in consultation with the Director: Market Regulation, may exercise such powers and take such action as may be exercised or taken by the JSE in terms of the rules and directives, and as may be necessary to maintain a fair, transparent and orderly market or protect the interests of investors, in the event of any disruption, malfunction or failure in the operation of the JSE systems, or following the pausing, suspension, halt or closure of the JSE systems or markets. The necessary action may include declaring transactions effected through the JSE equities trading system to be void and, if deemed appropriate, replacing void trades with other trades, in terms of rule 6.60.12

6.10.8     In order to maintain orderly price formation, the JSE equities trading system may incorporate circuit breakers in one or more segments of the market which, when triggered, will either cause the suspension of continuous trading and the commencement of an auction call session or the extension of an auction call session for the affected security or securities. The circuit breakers will be triggered when price movements exceed defined levels based on defined static and dynamic reference prices, as determined by the JSE.

6.10.9     Each equity security is allocated to a segment based on certain characteristics including the instrument type and the liquidity of the security.

6.10.10     Members accessing JSE systems must at all times –

6.10.10.1     maintain and enforce appropriate security procedures which are designed to prevent unauthorised persons from having access to any JSE systems, member trading applications or client applications; and

6.10.10.2     have the necessary resources to ensure that any data sent to or received from JSE systems does not interfere with the efficiency and integrity of the equities market or the proper functioning of the JSE systems.

6.10.11     The Market Controller may instruct a member to immediately discontinue using a member or client application or may restrict the usage by a member of any or all components of a member or client application.

6.10.12     Members must have appropriate systems, procedures and controls to prevent the submission to the JSE equities trading system of –

6.10.12.1     erroneous orders; and

6.10.12.2     unreasonably low bids or unreasonably high offers submitted either as resting     orders or as orders in an auction call session, and which appear to have the purpose, or are likely to have the effect, of –

6.10.12.2.1 taking advantage of significant errors that could be made by other market participants in the submission of orders to the JSE equities trading system; or

6.10.12.2.2 taking advantage of the possibility of significant mispricing of auction trades due to how the auction algorithms match market orders and limit orders.

6.10.13     The Director: Market Regulation may request a member to suspend or cancel unreasonably low bids or unreasonably high offers submitted to the JSE equities trading system which, in the opinion of the Director: Market Regulation, have the purpose, or are likely to have the effect, specified in rule 6.10.12.2.3

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**6.15 Market Access controls**

6.15.1 A TSP must establish and maintain an appropriate system of market access controls applicable to the nature of the TSP's market access and the manner in which orders are generated and submitted to the JSE equities trading system, and comply with the market access operational requirements in Directive BT 11. In determining what constitutes appropriate market access controls, a TSP must give due consideration to the size and complexity of its 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.

6.15.2 The primary objective of a TSP's market access controls must be to ensure that a TSP appropriately addresses the risks associated with access to the JSE equities trading system, by implementing processes and filters that –

6.15.2.1 promote and protect the integrity and orderly operation of the JSE equities market; and

6.15.2.2 restrict the financial exposure of the TSP to acceptable limits and ensure that the TSP is able to comply at all times with the JSE's regulatory capital requirements and the TSP's settlement obligations.

6.15.3 Appropriate market access controls must be implemented and applied by a TSP in respect of both agency and proprietary orders, and irrespective of whether orders are entered manually by a registered securities trader, received electronically from clients through DMA, or generated and processed automatically according to an algorithm.

6.15.4 A TSP must ensure that its MTA and any related market access controls contained within the MTA or within a separate system or application, comply with the following requirements:

6.15.4.1 a TSP shall not submit an order to the JSE equities trading system unless the order is subject to the TSP's filters;

6.15.4.2 a TSP's filters must be separate and independently controlled from any order-generating algorithm that generates client or proprietary orders;

6.15.4.3 a TSP must have appropriate, documented processes to authorise and record any changes to its market access controls, including any changes to filters or filter parameters;

6.15.4.4 a TSP must have direct control over its market access controls, as further prescribed in terms of Directive BT 13, irrespective of whether these market access controls are contained within the TSP's MTA or within a separate system or application; and

6.15.4.5 a TSP must implement appropriate security arrangements to prevent, and monitor for, unauthorised persons having access to its MTA and any market access controls being used by the TSP for order validation and processing, including any arrangements prescribed in Directive BT 11.

6.15.5 A TSP must implement appropriate processes, as further prescribed in Directive BT 12, for the ongoing monitoring of the TSP's trading and order activity, to ensure that the TSP's market access controls are working as intended and operating effectively.

**Proposed amendments to the JSE Equities directives**

**BT  On book and off book trading**

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.      A TSP is responsible for identifying the origin and the accuracy, integrity, and bona fides of all data submitted to JSE systems by or on behalf of that TSP. Any information received by JSE systems is deemed for all purposes under the rules and directives to have been submitted to JSE systems by, and with the knowledge of the TSP.

2.      Data from or submitted on behalf of a TSP may only be submitted to the JSE equities trading system in a manner approved by the JSE.

3.      A member may only access and utilise JSE systems with the approval of the Market Controller and subject to such instructions as may be issued by the Market Controller.

4.      In order to utilise the services of, and access JSE systems, a TSP must:

   4.1      enter into and sign the agreements;

   4.2      adhere to the requirements and specifications of such agreements; as may be prescribed by the JSE Executive from time to time; and

   4.3      in accordance with rule 3.50.1, adhere to the following operational requirements:

      4.3.1      have a primary and back up telecommunication link to the JSE's primary data centre with sufficient bandwidth on both links as specified by the JSE from time to time;

      4.3.2      have a telecommunication link to the JSE's remote disaster recovery site and be able to continue to access the JSE systems that are necessary to function as a TSP should the JSE fail over to its remote disaster recovery site;

      4.3.3      only use trading and information applications which interact with the JSE trading system that are provided by a JSE accredited software provider;

      4.3.4      if the TSP uses the services of a Shared Infrastructure Provider (SIP), only use a SIP that is accredited by the JSE and notify the JSE that it is using the services of an accredited SIP;

      4.3.5      at all times have access to the JSE trading system to ensure business continuity for the TSP's trading activities, including having at least two functional workstations;

      4.3.6      have a Bank Identification Code (BIC) to identify the TSP to the JSE trading system;

      4.3.7      at all times be able to identify-

            4.3.7.1      which trading application is responsible for the generation or submission of an order that is submitted electronically to the JSE trading system;

            4.3.7.2      which registered securities trader is responsible for the authorisation of an order that is submitted electronically to the JSE trading system if the submission of the order requires such authorisation; and

      4.3.8      have the necessary arrangements in place to ensure that if connectivity is interrupted between the member and a direct market access client or if a member trading application which generates proprietary orders is unable to interact with the JSE trading system, the TSP has the ability to cancel or modify any orders submitted to the JSE trading system by the direct market access client or the member trading application.

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5. The JSE or its agent may conduct an audit of compliance by the TSP with such requirements as have been prescribed by the JSE from time to time and the TSP must assist any representative of the JSE appointed to conduct such audit.

6. Order and off book trade details

    6.1 In addition to the details that are required by the JSE equities trading system to facilitate the proper entry of an order or an off book trade, an order or an off book trade submitted to the JSE equities trading system must contain the following details in order to facilitate proper disclosure to clients and effective regulation of transactions by the JSE:

        6.1.1 capacity in which the member is dealing (agent or principal);

        6.1.2 client or stock account number to which any associated trades will be booked;

        6.1.3 minimum execution size in respect of a hidden order;

        6.1.4 trader group; and

        6.1.5 trader identification number.

    6.2 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 reserve size , which will be determined by the Market Controller per equity security and published in a JSE Gazette

    6.3 If an order submitted to the JSE equities trading system by a registered securities trader was not received or initiated by that registered securities trader but was instead received or initiated by another employee of the member, such as a sales trader or a portfolio manager, the member must be able to identify the other employee who received or initiated the order.

7. Trade Cancellations

    7.1 A TSP seeking permission for a cancellation of an on book trade must, subject to rules 6.50.1 and 6.50.2, immediately upon becoming aware of the error trade, request permission from the Director: Market Regulation to cancel the trade by informing him of the original trade, giving details of such trade and the circumstances or reasons which resulted in the original trade. 4

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BT 4.3 introduced with effect from 2 July 2012
BT 6 amended with effect from 2 July 2012
BT 6.1 amended with effect from 2 July 2012
BT 6.1.1 amended with effect from 2 July 2012
BT 6.1.2 amended with effect from 2 July 2012
Old BT 6.1.3 and 6.1.4 deleted with effect from 2 July 2012
Old BT 6.1.5 amended and renumbered 6.1.3 with effect from 2 July 2012
BT 6.1.6 and 6.1.7 deleted with effect from 2 July 2012
Old BT 6.1.8  amended and renumbered 6.1.4 with effect from 2 July 2012
Old BT 6.1.9 amended and renumbered 6.1.5 with effect from 2 July 2012
BT 6.1.10 deleted with effect from 2 July 2012
BT 6.2 deleted with effect from 2 July 2012
Old BT 6.3 amended and renumbered 6.2. with effect from 2 July 2012
New BT 6.3 introduced with effect from 2 July 2012
BT 6.4 deleted with effect from 2 July 2012
BT 6.5 deleted with effect from 2 July 2012
BT 6.6 deleted with effect from 2 July 2012

BT 7 amended with effect from 2 July 2012
BT 7.1 amended with effect from 2 July 2012
BT 7.1.1 and 7.1.2 deleted with effect from 2 July 2012
BT 7.2 amended with effect from 8 July 2022

7.2　The Director: Market Regulation shall, upon receipt of the request, without delay but after due consideration, either accept or decline the request. .

7.3　Without delay after permission has been granted or an instruction has been issued by the Director: Market Regulation, a trade cancellation must be submitted to the JSE equities trading system by a TSP designated by the Director: Market Regulation. . .

7.4　If a TSP is unable to submit a trade cancellation to the JSE equities trading system on the same day as the erroneous on book trade, the TSP must submit the trade cancellation as a next day cancellation of an on book trade without delay on the following business day.

7.5　Where a TSP requests permission to cancel an on book trade and such request fails to meet the criteria described in rule 6.50.2, the TSP will be liable for payment of an administration fee of R2 000.

7.6　Whenever a trade cancellation of an on book trade is executed, the TSP responsible for the error that gave rise to the cancellation will be liable for payment of an administration fee of R10 000. The TSP who requested the trade cancellation must compensate the opposite TSP, who in turn must compensate its client, for any damages suffered due to the loss of price/time priority. The Director: Market Regulation will, on request, determine the amount of compensation.

7.7　A TSP may appeal to the JSE against a ruling given in terms of rule 6.60.2 subject to –

　　7.7.1　the appeal being lodged with the Director: Market Regulation before 12h00 on the business day following the ruling; and

　　7.7.2　the payment of a fee of R2000 which, at the discretion of the JSE, may be refundable in whole or in part.

7.8　An alleged error trade will only be considered for treatment in terms of rule 6.50.2 if it is away from the reference price by at least the percentage set out in the table below. No rounding will be applied in determining whether the price at which a trade was executed is away from the reference price by at least the percentage set out in the table.

| Market Segment | ZA01 | ZA02 | ZA03 | ZA04 | ZA06 |
|---|---|---|---|---|---|
| | 5% | 8% | 30% | 50% | 8% |

8.　Voluntary Contra Trade Requests.

8.1　A TSP wishing to initiate a contra trade request shall submit details of the relevant trade to the Director: Market Regulation within 1 hour of the error trade or within 20 minutes of the TSP having received notification from the JSE that the trade does not qualify for cancellation in terms of rule 6.50.2, whichever is later. The TSP's submission shall include details of the circumstances which gave rise to the original error trade.

8.2　Provided the criteria in rule 6.50.5 are met and the Director: Market Regulation has not declined the request in terms of rule 6.50.6, the Director: Market Regulation shall, upon receipt of the request, contact the counterparty

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BT 7.2 amended with effect from 2 July 2012
BT 7.3 amended with effect from 2 July 2012
BT 7.3.1 and 7.3.2 deleted with effect from 2 July 2012
BT 7.3 amended with effect from 8 July 2022
BT 7.4 amended with effect from 2 July 2012
BT 7.5 amended with effect from 2 July 2012
BT 7.6 amended with effect from 2 July 2012
BT 7.7 amended with effect from 2 July 2012
BT 7.7 amended with effect from 8 July 2022
BT 7.8 introduced with effect from 8 July 2022
New BT 8 introduced with effect from 8 July 2022
Old BT 8 renumbered BT 9 with effect from 8 July 2022

to inform them that a request for a contra trade has been received. The Director: Market Regulation may, where the initiator of the request has granted their consent, provide the counterparty with information contained in the submission received in terms of rule 6.50.5.1.

8.3     The counterparty shall endeavour to provide a response to the Director: Market Regulation, either accepting or declining the request, within 20 minutes of having received such request. The Director: Market Regulation will in turn inform the initiator that the contra trade request has either been declined or accepted, and in the event that the request is accepted, issue the necessary instructions to execute the contra trades.

8.4     An alleged error trade will only be considered for treatment as a contra trade in terms of rule 6.50.5 if it is away from the reference price by at least the percentage set out in the table below. No rounding will be applied in determining whether the price at which a trade was executed is away from the reference price by at least the percentage set out in the table.

| NON-REVIEWABLE  RANGE FOR CONTRA TRADE REQUESTS | | | | | |
|---|---|---|---|---|---|
| Market Segment | ZA01 | ZA02 | ZA03 | ZA04 | ZA06 |
| | 3% | 5% | 20% | 30% | 5% |

**[9.     In managing orders received from clients and submitting such orders to the JSE equities trading system, as well as in submitting proprietary orders to the JSE equities trading system, a TSP must meet the following objectives, in addition to any other requirements in the rules and directives relating to the submission of orders to the JSE equities trading system:**

**9.1     Avoidance of erroneous orders**

**The TSP must implement appropriate procedures to ensure that orders are not submitted to the JSE equities trading system or left open in the JSE equities trading system where such orders could result in erroneous trades.**

**9.2     Settlement assurance**

**The TSP must implement appropriate procedures to ensure, prior to submitting a client or proprietary order to the JSE equities trading system, that it has the capacity to settle trades resulting from such orders on the settlement date, and that all such trades will not adversely affect the TSP's ability to meet its financial resources requirements as set out in the rules and directives.]**

**[10.     A TSP shall not operate an Order Entry Application ("OEA") that provides Direct Market Access ("DMA") without the prior written approval of the JSE.  The approval when granted will be for the use of an OEA by the member to facilitate the electronic submission of orders by controlled clients or non-controlled clients, or both, and shall be on the condition that the member ensures at all times that the OEA meets the key objectives set out in BT 10. The JSE may at any time review and withdraw such approval.]**

9.     Adherence to security and technical requirements

9.1     The technical specifications of the MTA must comply with the JSE Users Specification Documentation and must ensure that the operation of the MTA will not adversely impact the operation of the market.

9.2     Access to the MTA software and the data utilised by that software must be strictly controlled to prevent undue manipulation.

10.     JSE regulation and supervision of TSP market access

10.1     The JSE may, from time to time, request such information from a TSP as the JSE deems necessary to monitor the usage by the TSP and its clients of the TSP's MTA, including any algorithms being deployed by the TSP, and to assess the effectiveness of the measures implemented by the TSP to control the use of such applications on an ongoing basis.

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10.2    A TSP may be required to submit such information to the JSE as is deemed necessary to satisfy the JSE that the TSP meets, or will meet the  requirements of the rules and directives relating to the submission of client and proprietary orders to the JSE equities trading system.

10.3    A TSP that operates an MTA that provides DMA, or that operates an algorithm that automatically generates orders for the TSP's own account or for clients, shall ensure that the JSE allocates one or more trader identification numbers to the TSP in respect of such systems or applications that will facilitate the identification of orders submitted by such systems as being DMA orders or automatically generated client or proprietary orders, respectively.

10.4    In requesting the JSE to allocate a trader identification number in respect of an MTA or any algorithm that automatically generates proprietary or client orders, a TSP may be required to provide the JSE with information regarding the manner in which orders are generated by the system or application. This information will assist the JSE in identifying those systems or applications that may, in certain circumstances, generate an excessive number of orders which may adversely impact the orderly operation of the JSE equities trading system.

[11.    A member applying to operate an OEA that provides DMA must be able to demonstrate, to the satisfaction of the JSE, that the OEA meets all of the following key objectives:]

[11.1    **Avoidance of Erroneous Orders and Manipulative Practices**

The OEA must ensure that orders are not submitted to the JSE equities trading system or left open in the JSE equities trading system where such orders could result in erroneous trades, a false appearance of trading activity or an artificial price for a security.]

[11.2    **Management of Order Limits and Order Types**

Adequate controls should be implemented to ensure that orders are within the normal trading patterns of the relevant clients. The OEA should also be able to limit the life of an order and be able to control each of the relevant order types.]

[11.3    **Settlement Assurance**

The OEA must be able to verify, before submitting any orders to the JSE equities trading system, the capacity of the client to settle trades resulting from orders processed via the application, through the use of appropriate exposure limits for non-controlled clients and checks on availability of funds and securities for controlled clients.]

[11.4    **Adherence to Trading Phases**

The OEA must be able to detect and react to the various JSE defined trading sessions. –]

[11.5    **Maintenance of Audit Trails**

The OEA must be able to identify the source of all order details submitted to the JSE equities trading system and must ensure and be able to evidence the maintenance of the integrity of the order details from the receipt thereof by the member to the submission of the order to the JSE equities trading system.]

[11.6    **Adherence to the rules and directives.**

All orders submitted to the JSE equities trading system by the OEA and the trades resulting from those orders must comply with the requirements of the rules and directives..]

[11.7    **Adherence to security and technical requirements**

The technical specifications of the OEA must comply with the JSE Users Specification Documentation and must ensure that the operation of the application will not adversely impact the operation of the market. Access to the application software and the data utilised by that software must be strictly controlled to prevent undue manipulation.**

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**An application to the JSE to operate an OEA that provides DMA shall be in the form prescribed by the JSE from time to time.]**

11. Operational requirements for market access controls

    11.1 A TSPs market access controls, including those controls which seek to promote the integrity and orderly operation of the JSE equities market and assist the TSP in complying with the regulatory obligations which arise from the TSP's access to the JSE equities trading system, must be designed to -

        11.1.1 prevent the submission of orders to the JSE equities trading system or leave orders open in the JSE equities trading system that –

            11.1.1.1 could result in erroneous trades; or

            11.1.1.2 may create a false appearance of trading activity or an artificial price; or

            11.1.1.3 may disrupt the orderly operation of the market; or

            11.1.1.4 appear duplicative,

            by applying appropriate price, value and/or quantity filter parameters to all orders;

        11.1.2 ensure that orders are in line with trading patterns and values for the relevant clients;

        11.1.3 limit the life of an order in the absence of a specific instruction from a client to the contrary or where the order is system or program generated;

        11.1.4 prevent the entry of orders that, if executed, are likely to result in a breach of the JSE capital adequacy requirements;

        11.1.5 verify that controlled clients have access to the necessary funds or securities to discharge their settlement obligations and that the exposure of the TSP to non-controlled clients remains within appropriate pre-defined limits;

        11.1.6 prevent the submission of off book trades to the JSE equities trading system through a DMA application;

        11.1.7 restrict or limit access to the TSP's MTA and related market access systems that generate and manage orders or provide access to the JSE equities trading system, including any algorithms, to persons authorized by the TSP to have such access;

        11.1.8 prevent the submission of orders to the JSE equities trading system, irrespective of whether the orders are received from a client through DMA, have been entered manually by a TSP's registered securities trader, or have been generated automatically by an algorithm, if such client or registered securities trader or algorithm is restricted or prohibited from generating and submitting orders in the relevant securities; and

        11.1.9 identify the source of all order details submitted to the JSE equities trading system, and be able to ensure and evidence the maintenance of the integrity of the order details from the receipt thereof by the TSP to the submission of the order to the JSE equities trading system.

**[12. The JSE may from time to time request such information from a TSP as the JSE deems necessary to monitor the usage by members and their clients of OEAs that provide DMA and to assess the effectiveness of the measures implemented by the member to control the use of such applications on an ongoing basis.]**

**[13. A TSP that operates or intends to operate a member trading application or any other system that generates proprietary orders to be submitted to the JSE equities trading system without the intervention of a registered securities trader, may be required to submit such information to the JSE as is deemed necessary to satisfy the JSE that the TSP meets or will meet the objectives of BT 8 and any other requirements in the rules and directives relating to the submission of orders to the JSE equities trading system, in utilizing such a system.]**

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Old BT 11 renumbered BT 12 with effect from 8 July 2022
Old BT 12 renumbered BT 13 with effect from 8 July 2022

12. Oversight of filters and order generation

    12.1    A TSP must, at an appropriate frequency and through appropriately qualified and experienced personnel, analyse the following data and take the appropriate remedial action to ensure that the TSP's filters and the related parameters are relevant, working as intended, and effective in achieving their objectives, and that the cause of problematic orders is identified and appropriately addressed:

        12.1.1    examine details of orders that were prevented by the filters from being submitted to the trading system, and ascertain if these orders were generated as a result of a possible trader input problem, a client order submission problem, or an order-generation algorithm malfunction;

        12.1.2    examine abnormal trade prices or unusual trading patterns that may indicate a potential failure of the filters to achieve their objectives;

        12.1.3    promptly take appropriate remedial action and make the necessary adjustments to the filters if the analysis in BT12.1.1 and BT12.1.2 indicates that the filters are not working as intended or are not effective in achieving their objectives; and

        12.1.4    take the appropriate action to minimise the risk of a recurrence if the analysis in BT12.1.1 and BT12.1.2 indicates that there is a problem anywhere in the order generation and transmission process that has caused orders to be generated, or trades to be executed, by the TSP or a client which adversely impact the integrity or orderly operation of the JSE equities market.

    12.2    In order to evidence that the oversight role described in BT 12.1 has been performed effectively, the TSP must ensure that appropriate exception reports and audit trails are generated and retained, and that the results of the monitoring and any action taken, including decisions made to amend the filters, are documented and retained.

**[14.    A TSP that operates an OEA that provides DMA or a member trading application that automatically generates orders for the member's own account shall ensure that the JSE allocates one or more trader identification numbers to the member in respect of such systems which will facilitate the identification of orders processed by such systems as being DMA orders or automated proprietary orders respectively.]**

13. Direct control of market access controls

    13.1    A TSP must be able to exercise direct control over the implementation and operation of the TSP's market access controls, whether the market access controls, including any filters, are designed and developed by the TSP, or by an external party on behalf of the TSP, or both. An external party must not be able to activate or amend any of the TSP's market access controls on behalf of the TSP, except on the instruction of the TSP.

    13.2    A TSP must have the ability to directly monitor the operation of its market access controls, and the unfettered ability to promptly amend any of its market access controls, including any filters or filter parameters, when required, to ensure the ongoing effectiveness of the TSP's market access controls.

    13.3    A TSP retains full responsibility for the effective operation of its market access controls, regardless of any involvement by an external party in the design, development and/or maintenance of any systems or applications that contain the market access controls. A TSP must take specific steps to avoid any conflicts of interest in circumstances where an external party is involved, in any manner, in the design, development and/or maintenance of the systems or applications that contain the TSP's market access controls, and where the external party is a party to trades executed by the TSP, or indirectly participates in the economic effect of trades executed by the TSP, including through a derivative instrument. The TSP must ensure, in these circumstances, that the external party has no undue influence over the appropriateness of the design of the market access controls and the effective operation of those controls.

**[15.    In requesting the JSE to allocate a trader identification number in respect of a member trading application that automatically generates orders for the member's own account, a member may be required to provide the JSE with information regarding the manner in which orders are generated by the application. This information will**

**assist the JSE in identifying those applications that may, in certain circumstances, generate an excessive number of orders which may adversely impact the operation of the JSE equities trading system.]**

1[**6**]4.   Block Trade criteria

1[**6**]4.1   In order for a transaction in an equity security to qualify to be submitted to the JSE equities trading system as a Block Trade in terms of rule 6.40.2, the transaction must comprise at least the value specified in the table below, according to the Average Daily Value Tier to which that security is assigned by the JSE.

| Average Daily Value Tier | Minimum Block Trade Size (R) |
|---|---|
| 1 | 30 000 000 |
| 2 | 25 000 000 |
| 3 | 20 000 000 |
| 4 | 15 000 000 |
| 5 | 10 000 000 |
| 6 | 7 000 000 |
| 7 | 4 000 000 |
| 8 | 2 000 000 |
| 9 | 1 000 000 |
| 10 | 1 000 000 |

1[**6**]4.2   The JSE will publish the assignment of equity securities to their Average Daily Value Tier on a quarterly basis unless exceptional circumstances justify one or more equity securities being reallocated to a different tier by the JSE prior to the next quarterly publication.

1[**6**]4.3   For the first day of trading in a new listing of an equity security, the JSE will allocate the security to an Average Daily Value Tier which the JSE deems to be the most appropriate for that equity security. After the first day of trading, the JSE will commence the calculation of the average daily value of the particular equity security and assign the security to the relevant tier based on the standard methodology applied by the JSE to all equity securities.

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Old BT 14 renumbered BT 15 with effect from 8 July 2022

BT 15 Introduced with effect from 31 October 2014
BT 15 amended with effect from 26 January 2018
Old BT 15 renumbered BT 16 with effect from 8 July 2022
BT 15 amended with effect from 9 December 2019