
MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 077/2020

Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives

Date: 16 March 2020

SUBJECT: COVID-19 PANDEMIC – IMPACT ON JSE TRADING MEMBERS

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Designation: Director – Market Regulation

The COVID-19 pandemic has had a significant impact on global financial markets. In addition to the impact of the extreme market volatility, market participants are having to implement extensive business continuity arrangements to ensure ongoing access to the markets and continuity of services to clients.

The JSE Market Regulation Division acknowledges that member firms' responses to the virus and the need for containment may involve measures that result in business being conducted in a different manner to the norm in order to ensure continuity of business. We are particularly aware of the possible impact of actual or potential infections or the implementation of containment and other preventative measures on the performance of key functions. These key functions include:

- The provision of trading and investment services to clients
- The use of a JSE trading system in a manner that promotes the orderliness and integrity of the JSE markets
- The safeguarding of client assets
- Meeting settlement obligations
- Management of risk exposures
- Management of regulatory capital and liquidity requirements
- Compliance oversight
- Maintenance of core IT infrastructure and applications

One of the key objectives of any business continuity arrangements made by member firms during the period in which the JSE markets may be impacted by the COVID-19 pandemic (or any other business continuity scenario) should be to ensure that the member's key functions can continue to be performed effectively and that all contractual and regulatory obligations can still be met. Members are requested to bear this in mind as they formulate and implement the necessary arrangements.

Without intending to focus on one specific type of arrangement, particular mention should be made of remote working arrangements as the Market Regulation Division has received a number of enquiries in this regard. The rules of the various JSE markets do not currently specifically state that the business of a member firm may only be conducted from the registered offices of the firm. However, our general understanding and expectation is that this is the case, with certain exceptions in respect of which the Market Regulation Division has engaged with some member firms. Effective management control and compliance oversight is best achieved when the regulated services undertaken by a member firm are conducted within the controlled physical environments from which members operate. However, if the circumstances impacting on a member firm necessitate the implementation of remote working arrangements, we request members to take note of the following:

- Ensure that the key functions listed above can still be performed effectively
- If a voice recording of telephone calls with clients would normally be made if the relevant staff member was operating from the registered office, either make an arrangement to voice record them at the remote location or ensure that a written record is made of any calls in which client instructions or other important client service matters are discussed. Consideration should be given to confirming telephonic instructions from clients with the clients via email if a voice recording is not made
- Ensure that the necessary security protocols governing access to critical systems (including the JSE trading systems) and the safeguarding of confidential client information are in place
- If a number of staff performing regulated functions are going to operate from a remote site (such as a disaster recovery site) please advise the Market Regulation Division of the location and address of this site
- If key staff who are accustomed to interacting with the Market Regulation Division (eg. compliance officer, person responsible for capital adequacy, head of trading) and who have provided their contact details (telephone and/or email) to the JSE are not going to be contactable for a period of time or any of their contact details are going to temporarily change, please advise the Market Regulation Division accordingly
- If the alternative remote site from which a number of staff are going to operate or any alternate contact details revert back to the normal location or contact details respectively, please advise the Market Regulation Division accordingly

If at any stage a member concludes that, despite all endeavours and having made all the necessary arrangements, unavoidable circumstances indicate that it will not be able to meet one or more of its regulatory obligations during the period in which the JSE markets may be impacted by the COVID-19 pandemic, it must advise the Market Regulation Division thereof without delay so that the Market Regulation Division can consider an appropriate response. This may include a possible delay in submitting routine regulatory information to the Market Regulation Division or an unexpected disruption to the performance of any key functions.

It is important to note that this Notice does not provide any exemptions from compliance with any existing regulatory obligations applicable to member firms.

The arrangements referred to in this Notice are temporary and the Market Regulation Division will advise members once these temporary arrangements no longer apply as the situation with the COVID-19 pandemic changes.

All information that we have requested to be submitted to the Market Regulation Division, as and when necessary, in terms of this Market Notice should be sent to surveillance@jse.co.za.

If members are at any stage unable to reach a particular member of staff in the Market Regulation Division telephonically, please advise us of this at surveillance@jse.co.za and we will ensure that someone contacts you.

Any questions regarding the content of this Market Notice can be sent to surveillance@jse.co.za.

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>