

## MARKET NOTICE

**Number:** 122/2025

**Relates to:**

- ☒ Equity Market
- ☒ Equity Derivatives Market
- ☒ Commodity Derivatives Market
- ☒ Currency Derivatives Market
- ☒ Interest Rate Derivatives Market
- ☒ Bond Market
- ☒ Bond ETP Market

**Date:** 17 April 2025

**SUBJECT:** NEDGROUP PRIVATE WEALTH STOCKBROKERS (PTY) LTD – ENFORCEMENT ACTION BY THE JSE

**Name and Surname:** Shaun Davies

**Designation:** Director – Market Regulation

Dear Member

1. The JSE has proffered charges to a Disciplinary Committee of the JSE in terms of its Equities Rules (“**the Rules**”) against Nedgroup Private Wealth Stockbrokers (Pty) Ltd (“**Nedgroup**”), a member of the equities market of the JSE.
2. The transgressions which resulted in the charges involved Nedgroup’s actions and/or omissions that resulted in Nedgroup’s failure to comply with the Rules and to engage in various acts of improper conduct on 16 and 17 July 2020, leading to significant market disruption.
  - 2.1 Due to the erroneous sale of shares by Nedgroup clients, based on pre-consolidation holdings following an issuer’s share consolidation, Nedgroup was unable to settle these transactions. It ought to have been readily apparent to Nedgroup that the amount of shares that it had to deliver was not available for settlement, if consideration was had to the consequences of the consolidation.
  - 2.2 Nedgroup attempted to buy-in shares to assist with the settlement problems, but in doing so unintentionally traded with their own clients who were still overselling, exacerbating the issue. Nedgroup also failed to cancel erroneous orders despite being informed by the JSE to do so, leading to more failed trades.
  - 2.3 The JSE declared these erroneous sales as failed trades, affecting many counterparties, and halted trading in the relevant share on 20 July 2020. Trading resumed on 24 July 2020 after confirmation was received that all affected investors whose holdings in the share were affected by the failed trades were aware of their positions.
  - 2.4 The erroneous transactions by Nedgroup caused significant and unnecessary volatility in the price of the relevant share.

- 2.5 Nedgroup was required to compensate the non-failing parties. The JSE was required to engage in a complex and time-consuming exercise to manage the failed trades and determine the compensation owed to the non-failing counterparties.
3. Rule 4.70 deals with internal control and risk management and provides that:
  - 3.1 Rule 4.70.1 – A member must employ the sources, procedures and technological systems necessary for the effective conduct of its business; and
  - 3.2 Rule 4.70.2 – The system of internal control employed by the member must be designed to ensure that:
    - 3.2.1 Rule 4.70.2.1 – that the relevant business can be carried on in an orderly and efficient manner; and
    - 3.2.2 Rule 4.70.2.2 – that financial and other information used or provided by the member is reliable.
4. Rule 10.5.2 provides that a member may only enter an order on the JSE equities trading system or report a trade to the JSE equities trading system if it has taken reasonable steps to satisfy itself that (10.50.2.2) in respect of a sell order:
  - 4.1 Rule 10.50.2.2.1 – the equity securities to be sold are held in uncertificated form by the member’s CSDP, in the case of a controlled client or proprietary transaction, or by the client’s CSDP, in the case of a non-controlled client transaction; and
  - 4.2 Rule 10.50.2.2.2 – a controlled client has evidenced to a member that they own the equity securities to be sold in uncertificated form and that such securities will be available for settlement on settlement date; or
  - 4.3 Rule 10.50.2.2.3 – another transaction has been concluded which provides for an equivalent amount of equity securities being available for settlement on settlement date; or
  - 4.4 Rule 10.50.2.2.4 – a satisfactory borrowing arrangement is in place which provides for an equivalent amount of equity securities being available for settlement on settlement date; or
  - 4.5 Rule 10.50.2.2.5 – a corporate action provides for an equivalent amount of equity securities being available for settlement on settlement date; or
  - 4.6 Rule 10.50.2.2.6 – the equity securities to be sold by a client will be transferred from a foreign register to the local register and the client is able to provide evidence to the satisfaction of the member that the transfer of the equity securities from the foreign register will be concluded in time to ensure that such securities will be available for settlement on settlement day.
5. Rule 12.30 enumerates certain acts and practices that constitute improper conduct, including:
  - 5.1 Rule 12.30.3 – contravening, attempting to contravene, or failing to comply with any one or more provision of the Act, a rule or a directive;
  - 5.2 Rule 12.30.4 - negligently or recklessly conducting the business or affairs of the member in such a way that actual or potential prejudice is, or may be caused to the JSE, any other member, a client or a member of the general public. The failure by a member to introduce appropriate and reasonable safeguards to controls to avoid such prejudice may be treated, where appropriate as constituting either negligence or recklessness; and
  - 5.3 Rule 12.30.5 - committing or attempting to commit any act which is detrimental to the interest, good name or welfare of the JSE or its members.
6. The JSE charged Nedgroup with three counts of a failure to comply with the Rules as contained in Rules 10.5.2.2.1, 10.50.2.2.2, 10.50.2.2.3, 10.50.2.2.4, 10.50.2.2.5, 10.50.2.2.6, 4.70.1, 4.70.2, 4.70.2.1, 4.70.2.2, 12.30.4 and 12.30.5.
7. In terms of Rule 12.40.3.2.1, the Director: Market Regulation made provision for an admission of guilt. Nedgroup has admitted guilt to all the charges as set out in the charge sheet and summarised in this Market Notice.
8. The JSE has considered all the facts and information at its disposal, including, but not limited to, the nature of the transgressions and Nedgroup’s admission of guilt, and has decided to impose a fine of R750 000.00 on Nedgroup as result of these transgressions.

9. In addition to the nature of the transgressions and the admission of guilt, the JSE also specifically considered the following factors in determining the appropriate fine:
- 9.1 the financial impact of the fines on the respondent, taking into account their financial resources;
  - 9.2 the underlying circumstances resulting in, and the nature and extent of, the respondent's failure to comply with the Rules;
  - 9.3 the full and unfettered co-operation of the respondent, and the fact that this is the first instance of a finding that the respondent has breached the rules; and
  - 9.4 the importance placed by the JSE on members' compliance with the Rules, and the need to ensure that all members are aware of the importance thereof and the consequences of a breach of the Rules.

Should you have any queries regarding this Market Notice, please e-mail: [thapelomo@jse.co.za](mailto:thapelomo@jse.co.za)

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