

MARKET NOTICE

Number: 191/2024

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

Date: 05 July 2024

SUBJECT: CITIGROUP GLOBAL MARKETS (PTY) LTD AND BRUCE HARRIS - ENFORCEMENT ACTION BY THE JSE

Name and Surname: Shaun Davies
Designation: Director - Market Regulation

Dear Client

1. The JSE has proffered charges to a Disciplinary Committee of the JSE in terms of its Equities Rules (“**the Rules**”) against Citigroup Global Markets (Pty) Ltd (“**Citi**”), a member of the equities market of the JSE, and Bruce Harris (“**Harris**”), a registered officer (trader) of Citi.
2. The transgressions which resulted in the charges involved Harris’ actions and/or omissions that resulted in Citi recording 31 trades in the BDA system on 30 April 2018 and between 28 August 2018 and 7 August 2019 without these trades being executed on or reported to the JSE equities trading system, in contravention of the Rules. The Rules prescribe that all transactions in equity securities by a member must be conducted through the central order book of the JSE unless a transaction meets the criteria for an off-order book trade, in which case it must be reported to the trading system.
3. Rule 6.10 deals with the use of the JSE equities trading system and provides that:
 - a. Rule 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.
 - b. Rule 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 members who are party to the transaction.

- c. Rule 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 sale legs of the transaction have been matched and confirmed by the trading system.
4. Rule 12.30 enumerates certain acts and practices that constitute improper conduct. Of particular relevance to the conduct that was the subject of the charges proffered against Citi and Harris,
Rule 12.30.3 provides that any act or practice that results in the contravention or attempting to contravene, or failing to comply with any one or more provision of the Act, a rule or a directive constitutes improper conduct.
5. The JSE charged Citi with three counts, alternatively one consolidated count, of a failure to comply with the Rules as contained in Rules 6.10.1, 6.10.2 and/or 6.10.3.
6. In terms of Rule 12.40.3.2.1, the Director: Market Regulation made provision for an admission of guilt. Citi has admitted guilt to all the charges as set out in the charge sheet and summarised in this Market Notice.
7. The JSE has considered all the facts and information at its disposal, including, but not limited to, the nature of the transgressions and Citi's admission of guilt, and has decided to impose a fine of R230 000.00 as result of these transgressions on Citi.
8. The JSE charged Harris with one count of failing to comply with his obligations as a registered officer (trader), as his actions and/or omissions resulted in Citi's failure to comply with the Rules, as contemplated in Rule 12.30.3.
9. In terms of Rule 12.40.3.2.1, the Director: Market Regulation made provision for an admission of guilt. Harris has admitted guilt to the charge as set out in the charge sheet and summarised in this Market Notice.
10. The JSE has considered all the facts and information at its disposal, including, but not limited to, the nature of the transgressions and Harris' admission of guilt, and has decided to impose a fine of R150 000.00 as result of these transgressions on Harris. However, the fine imposed on Harris is wholly suspended, in terms of rule 12.40.3.2.1, for a period of three (3) years from the date of this Market Notice on condition that Harris is not found guilty of breaching any of the rules of the JSE during the period of suspension.
11. In addition to the nature of the transgressions and the admissions of guilt, the JSE also specifically considered the following factors in determining appropriate fines:
 - a. the financial impact of the fines on the respondents, taking into account their financial resources;
 - b. the underlying circumstances resulting in, and the nature and extent of, the respondents' failure to comply with the Rules;
 - c. the full and unfettered co-operation of the respondents, and the fact that this is the first instance of a finding that the respondents have breached the rules; and
 - d. the importance placed by the JSE on authorised users' and registered officers' 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

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