



## MARKET NOTICE

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**Number:** 296/2020  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 8 June 2020

**SUBJECT:** MIKE CARLSSON - ENFORCEMENT ACTION BY THE JSE LTD

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

1. The JSE has proffered charges to a disciplinary committee of the JSE in terms of its Derivatives Rules against Mike Carlsson ("Carlsson"), a previous trader of Consilium Securities (Pty) Ltd ("the member").
2. The transgressions which resulted in the charges involved Carlsson concluding a multitude of transactions on a client account from 9 June 2011 to 5 October 2012, on his own volition and in the absence of any instructions from the client authorising these transactions. Carlsson further made many oral and in writing misrepresentations from 26 May 2010 to 04 November 2013 by providing false statements to various clients. In addition to the unlawful and impermissible conduct, Carlsson forged an e-mail purporting to contain a lawful instruction from a client instructing the member to transfer R 250 000 from a client account into a third party account in the absence of any instructions from the client authorising this transfer.
3. Rule 3.285 deals with improper conduct and records specific examples of improper conduct:
  - a. Rule 3.285.1 - committing or attempting to commit any act which is dishonest or fraudulent;
  - b. Rule 3.285.2 - being a party to, or facilitating or conducting a transaction which is fictitious and/or has a dishonest or unlawful motive;
  - c. Rule 3.285.3 - contravening, attempting to contravene, or failure to comply with any one or more of any provision of the FMA, a derivatives rule or a directive;
  - d. Rule 3.285.4 - negligently or recklessly conducting the business of 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 of a member or the general public; and
  - e. Rule 3.285.5 - committing or attempting to commit any act which is detrimental to any one or more of the interest, good name or welfare of the JSE or its members.

4. Rule 16.10 deals with the code of conduct and rule 16.10.1 records the standards of integrity and stipulates that a member (and therefore its officers and employees) shall in the conduct of its business observe high standards of integrity and fair dealing, and that such entities and persons must:
  - a. Rule 16.10.1.5 - conduct its activities in a manner that is compatible with the objects of the FMA and with full respect for the dignity of the JSE; and
  - b. Rule 16.10.1.6 - not participate in any dealings with other members, clients, the media or other persons, which may be of such a nature as to discredit the JSE.
5. Rule 16.10.2 deals with the general conduct of members in their dealings with clients and stipulates that a member shall:
  - a. Rule 16.10.2.1 - act honestly and fairly; and
  - b. Rule 16.10.2.2 - act with due skill, care and diligence and in the interests of clients.
6. The JSE charged Carlsson with twenty six (26) counts of contraventions of the JSE's requirements as contained in JSE Derivative Rules 3.285.1, 3.285.2, 3.285.3, 3.285.4, 3.285.5, 16.10.1.5, 16.10.1.6, 16.10.2.1 and 16.10.2.2.
7. In terms of Rule 3.290.3.2, the Director: Market Regulation made provision for an admission of guilt. Carlsson has admitted guilt to twenty six (26) 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 Carlsson's admission of guilt, and has decided to impose a fine of R 750 000.00 as a 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 an appropriate fine:
  - a. the financial benefit earned by Carlsson as a direct consequence of these breaches;
  - b. the financial impact of the fine on Carlsson, taking into account his financial resources;
  - c. the extent to which the breaches were accidental or deliberate and / or reckless;
  - d. the full and unfettered co-operation of Carlsson, and his disciplinary record; and
  - e. the importance placed by the JSE on the conduct of members in their dealings with clients and the need to ensure that all members are aware of the importance thereof, and the consequences of a breach of these requirements.

Should you have any queries regarding this notice, please contact Johnathan Cawood in the JSE Market Regulation Division at [johnathanc@jse.co.za](mailto:johnathanc@jse.co.za)

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