

APPROVED AMENDMENTS TO THE JSE DERIVATIVES RULES

2.10 Definitions

In these derivatives rules, unless otherwise clearly indicated by, or inconsistent with the context, the following terms shall have the meanings that are assigned to them hereunder, namely –

"initial margin" means the amount of money paid, or securities pledged, to JSE Clear in accordance with section 39 of the Act, as determined by JSE Clear and held in respect of the aggregate position of a trading member or a client;

8.60 Margin payments

8.60.1 Initial margin

Initial margin shall be paid to or by a trading member or client whenever the risk of loss, as determined by JSE Clear, changes with respect to the aggregate position of such trading member or client. Initial margin shall be paid in cash and/or may be posted by pledging securities to JSE Clear in accordance with section 39 of the Act, subject to the rules, policies and procedures of JSE Clear. Pledged securities may be substituted by the pledge of other qualifying securities in accordance with the rules, policies and procedures of JSE Clear. JSE Clear may at any time and forthwith call for payment of cash from market participants that have pledged securities and/or have withdrawn and/or substituted securities pledged in terms of the JSE Clear Rules, to ensure that they comply with their initial margin obligations.

8.90 Settlement procedures

8.90.1 With respect to its proprietary positions as a trading member, the positions of its clients as a trading member, the positions of the trading members with whom it has entered into clearing agreements and the positions of the clients of such trading members, the clearing member will, in terms of the JSE Clear rules, pay to or receive from JSE Clear the net amount of -

8.90.1.1 subject to JSE Clear rule 5.11.1, the sum of the initial margin referred to in JSE Clear rule 5.4.1;

8.90.1.2 the sum of the variation margin referred to in JSE Clear rule 5.4.2;

8.90.1.3 any interest payable in terms of JSE Clear rule 5.5.1; and

8.90.1.4 the fees referred to in JSE Clear rule 5.6.1.

8.90.2 An amount due from a clearing member in terms of JSE Clear rule 5.7.1 will be paid to JSE Clear not later than 10:00 on the business day following the day on which such payment accrued or such other time as JSE Clear may in its sole discretion determine.

8.90.3 With respect to any proprietary position as a trading member, the position of any of its clients as a trading member, the position of a trading member with whom it has entered into a clearing agreement and the positions of the clients of such trading member that JSE Clear has marked-to-market in terms of JSE Clear rule 5.3.2, the clearing member will, in terms of the JSE Clear rules, pay to JSE Clear the amount of variation margin as contemplated in JSE Clear rule 5.4.2 at the time stipulated by JSE Clear when the clearing member is notified of the mark-to-market.

8.80.4 amended with effect from 29 April 2019

8.80.5 introduced with effect from 29 April 2019

8.90.1.1 amended with effect from 1 August 2005.

- 8.90.4 With respect to the positions of its clients as a trading member, the positions of any other trading members with whom it has entered into a clearing agreement and the positions of the clients of such trading members, the clearing member is acting as a settlement agent on behalf of those parties in relation to any amounts paid to or received from JSE Clear in terms of JSE Clear rules 5.7.1 and 5.7.3.
- 8.90.5 With respect to its proprietary positions, and the positions of its clients, a trading member shall pay to or receive from the clearing member the net amount of -
- 8.90.5.1 subject to rule 9.20, the initial margin referred to in rule 8.60.1;
 - 8.90.5.2 the additional margin referred to in rule 8.60.3.1;
 - 8.90.5.3 the variation margin referred to in rule 8.60.2;
 - 8.90.5.4 any interest payable in terms of rule 8.70.2; and
 - 8.90.5.5 the fees referred to in rule 8.80.2.
- 8.90.6 An amount due to or from a clearing member in terms of rule 8.90.5 shall be paid by such time as the trading member and the clearing member have specifically agreed upon with respect to a particular payment, provided that any payment due to a clearing member is made at a time which enables the clearing member to pay the amount due to the clearing house by no later than 10:00 on the business day following the day on which such payment accrued.
- 8.90.7 With respect to any proprietary position or the position of any of its clients, which JSE Clear has marked-to-market in terms of JSE Clear rule 5.3.2, the trading member shall pay to the clearing member the amount of variation margin as contemplated in rule 8.60.2 by the time referred to in rule 8.90.3, as stipulated by JSE Clear and as notified to the trading member by the clearing member.
- 8.90.8 Subject to rule 9.30.1, with respect to his positions a client shall pay to or receive from the trading member with whom he traded to open such positions the net amount of -
- 8.90.8.1 the total of the initial margin referred to in rule 8.60.1 for all its aggregate positions: Provided that any amount so due from the resident client shall be off-set against any retained margin referred to in rule 8.60.4;
 - 8.90.8.2 the additional margin referred to in rule 8.60.3.2;
 - 8.90.8.3 the variation margin referred to in rule 8.60.2;
 - 8.90.8.5 any interest payable in terms of rule 8.70.3; and
 - 8.90.8.5 the fees referred to in rule 8.80.2.
- 8.90.9 An amount due to or from a trading member in terms of rule 8.90.8 shall be paid by such time as the trading member and the client have specifically agreed upon with respect to a particular payment, provided that any payment due to an exchange member is made at a time that enables the exchange member to pay the amount due to the clearing member and ultimately enables the clearing member to pay the amount due to the clearing house by no later than 10:00 on the business day following the day on which such payment accrued.
- 8.90.10 With respect to the position of any client, which JSE Clear has marked-to-market in terms of JSE Clear rule 5.3.2, the client shall pay to the trading member the amount of variation margin as contemplated in rule 8.60.2 by the time referred to in rule 8.90.3 stipulated by JSE Clear and notified to the client by the trading member.

8.90.4.1 amended with effect from 1 August 2005.

8.90.4.1 amended with effect from 12 December 2009.

New 8.90.4.2 introduced with effect from 12 December 2009.

8.90.4.2 to 8.90.4.4 renumbered 8.90.4.3 to 8.90.4.5 with effect from 12 December 2009.

8.90.7.1 amended with effect from 12 December 2009.

New 8.90.7.2 introduced with effect from 12 December 2009.

8.90.7.2 to 8.90.7.4 renumbered 8.90.7.3 to 8.90.7.5 with effect from 12 December 2009.

12.40 Securities pledged to JSE Clear

- 12.40.1 Securities pledged by trading members and clients to JSE Clear in accordance with rule 8.60.1 are pledged in accordance with the JSE Clear rules, the applicable agreements and JSE Clear's policies and procedures, and on the basis that *parate executie* is expressly permitted. The securities pledged by defaulting trading members and clients will be sold by JSE Clear within three business days from the date of default, without the intervention of the courts. JSE Clear will sell the pledged securities at a market related price at the time of such sale.

- 12.40.2 Securities pledged by a clearing member to JSE Clear as payment of default margin to the Default Fund are pledged in accordance with the JSE Clear rules, the JSE Clear agreement and JSE Clear's policies and procedures, and on the basis that *parate executie* is expressly permitted. The securities pledged by defaulting clearing members will be sold by JSE Clear within three business days from the date of default, without the intervention of the courts. JSE Clear will sell the pledged securities at a market related price at the time of such sale.

- 12.40.3 Clearing members, trading members and clients that have elected to pledge securities to JSE Clear in terms of the JSE Clear rules provide JSE Clear with express consent to instruct their CSDPs to move the pledged securities to JSE Clear's account to sell the pledged securities as contemplated in rules 12.40.1 and 12.40.2.