

MARKET NOTICE

Johannesburg
Stock Exchange

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Number: 397A/2022

Relates to:

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- ☐ Interest Rate Derivatives Market
- ☐ Bond Market
- ☐ Bond ETP Market

Date: 17 August 2022

SUBJECT: **PROPOSED AMENDMENTS TO THE JSE GUARANTEE FUND RULES AND THE JSE EQUITIES DIRECTIVES – STOCK EXCHANGE COMPREHENSIVE LOSS PROTECTION POLICY**

Name and Surname: Shaun Davies

Designation: Director – Market Regulation

Dear Members,

Members are advised that the proposed amendments to the JSE Guarantee Fund Rules and the JSE Equities Directives, attached as Annexures A and B respectively, were adopted by the JSE Rules Committee on 16 August 2022.

Rule 11.3.3 of the JSE Guarantee Fund Rules currently provides for the assets of the Guarantee Fund to be used to pay the premium for the so-called 'In and Out' insurance policy, which is a fidelity policy that covers certain companies in the JSE group and the equities member firms. However, the premium is not the only cost incurred in procuring this insurance policy, as there are also other associated costs such as the fee payable to the insurance brokers and travel costs relating to the annual renewal of the policy. The 'In and Out' policy is also not the only insurance policy that provides fidelity cover to the JSE group companies and the equities members, as there is also a separate 'self-insurance' captive policy that covers the aggregate annual excess of R5 million on the 'In and Out' policy, and the annual premium on that policy is also paid by the Guarantee Fund, when required.

The proposed amendments to JSE Guarantee Fund Rule 11.3.3 therefore seeks to clarify that there are costs other than just the premium on the insurance policy that are paid by the Guarantee Fund, and that the 'In and Out' policy is not the only insurance policy in respect of which a premium has to be paid to provide comprehensive fidelity cover to equities member firms.

Members should also note that the insurance policy procured by the JSE is no longer referred to as the 'In and Out' policy. It is formally referred to in the policy contract document as the 'Stock Exchange Comprehensive Loss

Protection Policy'. The relevant Equities Directives are therefore being amended to remove the incorrect references to the 'In and Out' policy.

Unless written objections are lodged within 10 days of this notice, in terms of rule 2.60.3, the proposed rule amendments will be submitted to the Registrar for his approval.

Should you have any queries regarding this Market Notice please contact Shuayb Mohamed on (011) 520 7824 or on ShuaybM@jse.co.za

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