
MARKET NOTICEJohannesburg
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Number: 460A/2018
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives

DATE 5 December 2018

SUBJECT: BOND MARKET PENALTIES AND SETTLEMENT AUTHORITY FEES GUIDANCE NOTE

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Designation: Director Post Trade Services

This market notice serves to inform all participants in the South African bonds market that the ‘fine-free’ period associated with contravention of settlement rules is nearing its end. The JSE will commence the levying of fees and penalties as per the Interest Rate and Currency Derivatives Rules Sections 8 and 9, and the Interest Rate and Currency Derivatives Directives Sections EI and EJ, from 1 January 2019 (the Rules and Directives can be found at <https://www.jse.co.za/trade/derivative-market/interest-rate-derivatives>).

The recent amendments to the Interest Rate and Currency Derivatives Rules and Directives came into effect in July 2018. Since then, the JSE has not levied any penalties and fees for contraventions to the Rules as they relate to clearing and settlement, in an effort to afford market participants time to adjust their processes and policies to meet the new settlement timelines as stipulated in Section 8 and Section 9 of the Rules.

The JSE has consulted extensively with trading members between July and December 2018, to assist in identifying opportunities for process and policy enhancements that will reduce rule contraventions. The JSE has also identified certain scenarios in which it may exercise its discretion to waive the levying of certain penalties and fees after taking into consideration certain factors. These include the extent to which settlement risk is affected, the impact of the contravention of the overall functioning of the market and on other market participants, and the specific circumstances underlying a contravention.

The scenarios under which the JSE may waive penalties and fees are described in a document entitled “Bond market penalties and settlement authority fees guidance note - 3 December 2018”, which is attached hereto.

Should you any queries on the above, kindly contact the JSE Bond Settlement Authority on bonds@jse.co.za
This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>