
MARKET NOTICEJohannesburg
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Relates to:

- Equity Market
- Equity Derivatives Market
- Commodity Derivatives Market
- Interest Rate Derivatives Market
- Currency Derivatives Market
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Date: 10 December 2020

SUBJECT: SUIDWES LANDBOU (PTY) LTD - FAILURE TO COMPLY WITH THE JSE REQUIREMENTS
APPLICABLE TO REGISTERED SILO OWNERS

Name and Surname: Raphael Karuaihe
Designation: Head - Commodities

Dear Stakeholder,

Pursuant to an investigation conducted by the JSE in respect of Suidwes Landbou (Proprietary) Limited (“Suidwes”), a JSE approved storage operator, the JSE found Suidwes had breached important provisions of the JSE’s silo owner requirements in that it had issued JSE silo receipts during March 2020 in circumstances where the quality and quantity of the product indicated on the face of the receipts (white maize first grade - “WM1”) were not stored at the location (Bloemhof silo) recorded on these receipts.

Suidwes had sold, and received, the purchase price of 10 800 tonnes of WM1 on the JSE in circumstances where it only held 5 553 tonnes of WM1 at the Bloemhof silo. This was obviously of serious concern to the JSE as it transgressed important and material rules of the JSE and the terms of the Agricultural Derivatives Contract Specifications and Appendices insofar as it relates to all JSE registered storage operators and the issuing of JSE silo receipts by such storage operators. In addition hereto, Suidwes’ conduct amounted to a material misrepresentation in respect of the contents of the receipts as well as a breach of the storage operator’s warranties recorded on the face of JSE silo receipts.

Suidwes, being aware of the situation, had on its own volition implemented measures to ensure that all parties whom had purchased the above-mentioned silo receipts received the total tonnage of WM1 as reflected on the silo receipts. All the relevant WM1 represented by these silo receipts were subsequently delivered in full and at no additional cost to the owners of the commodities covered by the JSE silo receipts.

The measures which Suidwes had implemented to address the situation had resulted in it incurring a loss of R 550 000.00 in respect of the silo receipts in respect of which the quality and quantity of the product was not available at the Suidwes Bloemhof silo. Although there was not sufficient stock at Bloemhof silo, there was sufficient stock of WM1 held at other Suidwes silos to honour the JSE silo receipts and Suidwes ensured that the stock was delivered to the Bloemhof location to honour all JSE receipts issued by it.

Despite the above-mentioned loss and the fact that all the silo receipts were honoured by Suidwes, the JSE remained of the view that the transgression was of such a serious nature that it necessitated further investigation and action.

During the course of the JSE investigation Suidwes was procured by Senwes Limited, which transaction was approved by the Competition Commission of South Africa on 18 August 2020.

Following the procurement Senwes was invited by the JSE to participate in the investigation. In this regard Senwes had at all times, provided its full co-operation and assistance to ensure that this investigation was concluded as expeditiously as possible.

Senwes agreed with the JSE that the transgression by Suidwes was of such a serious nature that although no owner of the commodities covered by JSE silo receipts suffered any loss as a result thereof, and Suidwes had already incurred a loss of R 550 000.00 in respect of the transgression, a warning would not represent an appropriate sanction in the circumstances.

The JSE considered all the facts and circumstances at its disposal, including the purpose and importance of adherence by storage operators to the JSE silo requirements, the specific facts and circumstances underlying the conduct by Suidwes, the financial and other consequences to Suidwes as a result of these transgressions, Suidwes' assistance in the investigation as well as the interests of the JSE, market participants and the investing public. After careful consideration of all these factors, the JSE decided to impose a financial penalty on Suidwes in an amount of R 1 500 000.00 of which R 750 000.00 has been suspended.

Senwes has also agreed that the penalty imposed on Suidwes is fair and adequate given the seriousness of the transgression.

Should you have any questions regarding the above, please do not hesitate to contact the Commodities Team at 011 520 7039 or email commodities@jse.co.za

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