
MARKET NOTICEJohannesburg
Stock ExchangeTel: +27 11 520 7000
www.jse.co.za**Number:** 173/2021**Relates to:**

- Equity Market
- Equity Derivatives Market
- Commodity Derivatives Market
- Currency Derivatives Market
- Interest Rate Derivatives Market
- Bond Market
- Bond ETP Market

Date: 7 May 2021**SUBJECT:** ITUMELENG MARISHANE - ENFORCEMENT ACTION BY THE JSE**Name and Surname:** Shaun Davies**Designation:** Director - Market Regulation

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1. The JSE has proffered charges to a Disciplinary Committee of the JSE in terms of its Equities Rules against Mr. Itumeleng Marishane (“Mr. Marishane”), the former Compliance Officer of Longmark Securities (Pty) Ltd, previously known as Argon Securities (Pty) Ltd (“Argon Securities” or the firm), a member of the Equities Market of the JSE.
 2. The transgressions which resulted in the charges involved Mr. Marishane’s actions and/or omissions as Compliance Officer contrary to the duties imposed on Mr. Marishane by virtue of his position as Compliance Officer, which resulted in Argon Securities’ failure to comply with the Rules. Specifically, Argon Securities incorrectly and impermissibly used deposits received to unlawfully create the false impression that the firm had sufficient available regulatory capital in circumstances where the firm actually had a material capital shortfall on 23 May 2018 and 24 May 2018. Mr. Marishane was a party to the act of creating the false impression that deposits received by the firm qualified as regulatory capital when he knew, or ought to have known, that they did not.
 3. Rule 3.30.3 deals with financial resources and provides that:
 - a. Rule 3.30.3.1 – A member must on admittance and at all times ensure it maintains adequate financial resources to meet its business commitments and to withstand the risks to which its business is subject.
 - b. Rule 3.30.3.2 – A member must on admittance and at all times thereafter hold adjusted liquid capital which complies with the minimum requirements calculated in accordance with directive DC 2, sufficient to meet its base requirement and its risk requirement.

4. Rule 4.70 deals with Internal control and risk management and provides that:
 - a. Rule 4.70.4 – The principles and procedures of risk management must be designed to ensure that the records of the member are maintained in such a manner as to promptly disclose financial and business information that will enable the member or the management of the member to:
 - b. Rule 4.70.4.4 – monitor the capital of the member to ensure compliance with the capital adequacy requirements imposed in terms of the rules.

5. Rule 4.30 deals with Compliance Officers and provides that:
 - a. Rule 4.30.1 – A member must appoint a compliance officer to assist the board of directors of the member in ensuring compliance by the member with the Act, the rules and the directives.
 - b. Rule 4.30.2.2 – A compliance officer must report to the Director: Market Regulation any breaches by the member of the Act, the rules and the directives or any other issue considered by the compliance officer to be irregular.

6. Rule 12.30 enumerates certain acts and practices that constitute improper conduct:
 - a. Rule 12.30.3 – Provides that any act or practice that results in the contravention or attempting to contravene, or failing to comply with any one or more provision of the Act, a rule or a directive constitutes improper conduct.
 - b. Rule 12.30.4 – Provides that improper conduct includes any conduct of the business or affairs of a member that results or may result in actual or potential prejudice caused to the JSE, any other member, a client of a member or the general public. The failure by a member to introduce appropriate and reasonable safeguards or controls to avoid such prejudice may be treated, where appropriate, as constituting either negligence or recklessness.

7. The JSE charged Mr. Marishane with two counts of misconduct as a result of his actions and/or omissions which resulted in Argon Securities' failure to comply with the Rules as contemplated in Rule 12.30.3 and/or Rule 12.30.4.

8. Mr. Marishane filed a statement of defence, a Disciplinary Committee was constituted in terms of the Rules with Judge F. R Malan, a retired judge of the Supreme Court of Appeal, as chair and a hearing was arranged commencing on 26 April 2021.

9. At the commencement of the hearing held on 26 April 2021, Mr. Marishane decided to plead guilty to the charges proffered against him in the charge sheet and summarised in this Market Notice, which constituted two counts of misconduct. The Disciplinary Committee imposed a sanction in the form of a fine of R100 000.00 as a result of these transgressions and ordered that the findings of the Disciplinary Committee and the penalty imposed as a result thereof must be published.

Should you have any queries please regarding this Market Notice please e-mail thapelomo@jse.co.za

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