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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)

**Number:** 293/2021  
**Relates to:**  Equity Market  
 Equity Derivatives Market  
 Commodity Derivatives Market  
 Currency Derivatives Market  
 Interest Rate Derivatives Market  
 Bond Market  
 Bond ETP Market

**Date:** 14 July 2021

**SUBJECT:** REMINDER ON THE PROHIBITION OF NAKED SHORT-SELLING IN JSE EQUITIES MARKET

**Name and Surname:** Valdene Reddy  
**Designation:** Director – Capital Markets

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Dear Client,

Given the current period of market volatility, uncertainty and the associated elevated trading volumes, operational resilience and settlement processes are in heightened focus to ensure orderly and efficient markets.

Members are reminded of the circumstances in which short selling may take place and the prohibition on naked short selling as set out in the JSE equities market rules.

The JSE equities market rules state that clients may only place sell orders with a member (rule 10.50.1) and members may only insert sell orders into or report trades to the JSE equities trading system (rule 10.50.2) if the securities have been secured and will be available for settlement on the settlement date in one of the following circumstances:

- the securities are in uncertificated form, owned by the client and held by the CSDP of the member or client, as applicable;
- another transaction has been concluded that will yield the securities;
- a satisfactory borrowing arrangement is in place for an equivalent amount of securities;
- a corporate action will result in the securities required; or
- the securities will be transferred from a foreign register to the local register in good time.

These arrangements must be in place before the client places an order to sell short and before a member inserts a short sell order or reports a short sell trade to the JSE equities trading system; and the JSE will take decisive action in those instances in which naked short selling is identified.

Should you have any queries regarding this notice, please contact:

**The JSE Settlement Authority**

Chris Grove, Head: Post Trade Cash Market Operations on 011 520 7350

Group email: [SetAuth@jse.co.za](mailto:SetAuth@jse.co.za)

**JSE Market Regulation**

Shaun Davies – Director: Market Regulation on 011 520 7032 or [ShaunD@jse.co.za](mailto:ShaunD@jse.co.za)

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