



## Market Notice

**Number:** A1299  
**Date** 11 October 2010

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### Amendments to the Derivatives directives

Members are referred to Notice A1282 dated 14 September 2010 which invited comment on the proposed amendments to the Derivatives directives. No objection was received in terms of rule 1.80.3. The amendments are attached as Annexure A.

Members are also referred to Notice A1296 dated 8 October 2010 and are advised as follows:

1. The amendments to Directives QUALIFICATIONS TO MANAGE INVESTMENTS AND PROVIDE INVESTMENT ADVICE and QUALIFICATIONS TO BE REGISTERED AS A DEALER are approved with immediate effect; and
2. The amendments to Directive TRADING PERIODS AND TIMES are approved with effect from 1 November 2010.

Should you have any queries in respect of the above, please do not hesitate to contact the undersigned.

**Anne Clayton**

**Designation** Senior Manager  
**Division** Surveillance  
**Tel** +27 11 520 7034  
**Fax** +27 11 520 8034  
**E-mail address:** [annec@jse.co.za](mailto:annec@jse.co.za)

**Distributed by the Company Secretariat +27 11 520 7346**



JSE Limited Registration Number: 2005/022939/06  
One Exchange Square, Gwen Lane, Sandown, South Africa.  
Private Bag X991174, Sandton, 2146, South Africa. Telephone:  
+27 11 520 7000, Facsimile: +27 11 520 8584, [www.jse.co.za](http://www.jse.co.za)

**Executive Directors:** RM Loubser (CEO), NF Newton-King, F Evans (CFO), JH Burke, LV Parsons  
**Non-Executive Directors:** HJ Borkum (Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence, W Luhabe, A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne, G Serobe  
**Alternate Director:** J Berman

## AMENDMENTS TO THE DERIVATIVES DIRECTIVES

### General explanatory notes

1. Words underlined with a solid line (\_\_\_\_) indicate the insertions in the existing directives.
2. Words in bold and in square brackets ([ ]) indicate omissions from the existing directives.

### QUALIFICATIONS TO MANAGE INVESTMENTS AND PROVIDE INVESTMENT ADVICE

This directive sets out the qualification requirements for employees of a member who manage investments or provide investment advice in respect of derivative securities, commodity securities, JSE authorised investments not traded on a JSE market and securities traded on a JSE market of which the **[equity derivatives member or commodity derivatives]** trading member is not a member.

1. **Derivative securities [traded on the JSE derivatives trading system]**
  - 1.1 An employee of a trading member may exercise discretion in the management of derivative securities **[traded on the JSE derivatives trading system]** or provide investment advice to clients on any transaction in such securities if the employee -
    - 1.1.1 ...
2. **Agricultural derivatives [traded on the JSE commodities trading system]**
  - 2.1 An employee of a trading member may exercise discretion in the management of agricultural derivatives **[traded on the JSE commodities trading system]** or provide investment advice to clients on any transaction in such securities if the employee -
    - 2.1.1 ...
3. **Foreign commodity derivatives [traded on the JSE commodities trading system or the JSE derivatives trading system]**
  - 3.1 An employee of a trading member may exercise discretion in the management of foreign commodity derivatives **[traded on the JSE commodities trading system or the JSE derivatives trading system]** or provide investment advice to clients on any transaction in such securities if the employee -
    - 3.1.1 ...
4. **Bonds [traded on the Yield-X trading system]**
  - 4.1 An employee of a trading member may exercise discretion in the management of bonds **[traded on the Yield-X trading system]** or provide investment advice to clients on any transaction in such securities if the employee –
    - 4.1.1 ...
5. **Interest rate derivatives [traded on the Yield-X trading system]**
  - 5.1 An employee of a trading member may exercise discretion in the management of interest rate derivatives **[traded on the Yield-X trading system]** or provide investment advice to clients on any transaction in such securities if the employee –
    - 5.1.1 ...
6. **Currency derivatives [traded on the Yield-X trading system]**
  - 6.1 An employee of a trading member may exercise discretion in the management of currency derivatives **[traded on the Yield-X trading system]** or provide investment advice to clients on any transaction in such securities if the employee –
    - 6.1.1 ...

## QUALIFICATIONS TO BE REGISTERED AS A DEALER

### 1 **[Equity derivatives traded on the JSE derivatives trading system] Derivative securities**

1.1 In accordance with rule 5.10.3, an employee of a trading member may execute transactions in derivatives securities **[traded on the JSE derivatives trading system]** if the employee –

1.1.1 ...

### 2 **Agricultural derivatives [traded on the JSE commodities trading system]**

In accordance with rule 5.10.3, an employee of a trading member may execute transactions in agricultural derivatives **[traded on the JSE commodities trading system]** if the employee has obtained a pass in the *JSE Agricultural Products Market Dealers* module of the Registered Persons Examination of the South African Institute of Financial Markets.

### 3 **Foreign commodity derivatives [traded on the JSE commodities trading system or the JSE derivatives trading system]**

3.1 In accordance with rule 5.10.3, an employee of a trading member may execute transactions in foreign commodity derivatives **[traded on the JSE commodities trading system or the JSE derivatives trading system]** if the employee –

3.1.1 ...

### 4 **Currency derivatives**

4.1 In accordance with rule 5.10.3, an employee of a trading member may execute transactions in currency derivatives if the employee –

4.1.1 has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:

4.1.1.1 *Regulation and Ethics of the South African Financial Markets;*

4.1.1.2 *Introduction to the Financial Markets; and*

4.1.1.3 *The Derivatives Market; or*

4.1.2 was registered with the JSE as a dealer on the agricultural products market, in terms of the rules, as at 30 June 2007; or

4.1.3 is a stockbroker and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or

4.1.4 has qualified as a Regular Member of the Chartered Financial Analyst Institute and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or

4.1.5 has qualified as a Charterholder Member of the Chartered Financial Analyst Institute; or

4.1.6 is employed as a dealer executing transactions in foreign exchange on behalf of a trading member which is an Authorised Dealer and has been employed in that capacity for a period of not less than three months.

## TRADING PERIODS AND TIMES

1. The commodity derivatives market will operate on every business day according to the following standard periods and times:

Period	Time	
	Agricultural derivatives*	Foreign commodity derivatives# and selected international derivatives
Market pre-opening	08h50 to 08h59	08h50 to 08h59
Market opening	09h00	09h00
Market closing	12h00	<del>[15h45]</del> 17h00
Administration	12h00 to 12h45	<del>[15h45 to 16h00]</del> 17h00 to 17h15
Mark-to market release	12h45	<del>[16h00]</del> 17h20
Physical delivery invoicing	12h45 to 14h30	

\* Including Chicago Corn and Soy contracts

# Excluding Chicago Corn and Soy contracts

2. The equity derivatives market will operate on every business day according to the following standard periods and times:

Period	Time	
	Derivative securities	Foreign commodity derivatives# and selected international derivatives
Market pre-opening	07h30	08h50 to 08h59
Market opening	08h30	09h00
Market closing	17h30	<del>[15h45]</del> 17h00
Reporting and Administration	17h30 to 18h15	<del>[15h45 to 16h00]</del> 17h00 to 17h15

# Excluding Chicago Corn and Soy contracts