



Market Notice

Number: F4454
Date 14 September 2010

Proposed amendments to the Derivatives directives

Members are advised that the amendments to the directives, attached as Annexure A, were adopted by the Executive Committee on 13 September 2010.

The primary purpose of these amendments is to change the trading periods and times to accommodate the trading of selected international derivatives in both the Equity Derivatives Market ("EDM") and Commodity Derivatives Market ("CDM").

The JSE is continuing to expand the available product range accessible via the Global Market functionality and intends, by the end of this year, to provide –

- Yield-X members (authorised to trade currency derivatives) with the functionality to trade international derivatives and foreign commodity derivatives; and
- Members of the EDM and CDM with the functionality to trade currency derivatives.

Consequently, it is necessary to add the qualifications to be registered as a dealer in Yield-X in the Derivatives directives. In addition, "cut and paste" and omission errors have been identified and corrected and it is proposed that the references to the specific trading systems be deleted, as these references are superfluous.

Unless objections are lodged in terms of rule 1.80.3 within 10 days of this Notice, the proposed amendments to the directives will take effect.

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

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PROPOSED 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	[15h45] 17h00
Administration	12h00 to 12h45	[15h45 to 16h00] 17h00 to 17h15
Mark-to market release	12h45	[16h00] 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	[15h45] 17h00
Reporting and Administration	17h30 to 18h15	[15h45 to 16h00] 17h00 to 17h15

Excluding Chicago Corn and Soy contracts