

NoteY1438 B**PROPOSED AMENDMENTS TO THE JSE INTEREST RATE AND CURRENCY RULES AND DIRECTIVES****General explanatory notes:**

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

2.10 Definitions

In these rules, unless otherwise clearly indicated by, or inconsistent with the context, the following terms shall have the meanings that are assigned to them hereunder, namely –

"market maker" means a trading member which is an Authorised Dealer and which has been granted approval by the Exchange Control Department of the Reserve Bank to act as a market maker in currency derivatives;

Proposed amendments to rule 7.120**7.120 Reported transactions**

7.120.1 Reported transactions do not have to be executed through the central order book. The following transactions may be validly reported to the trading system–

7.120.1.1 value eligible reported transactions, where the nominal or contract value of the transaction is equal to, or greater than the value determined by the JSE, as set out in the directives;

7.120.1.2 trades in currency derivatives concluded by a market maker with a professional client and where the market maker, having entered the client order into the central order book-

7.120.1.2.1 has, subject to rule 7.120.2, been unable to satisfy that order through the central order book on a principal or an agency basis; and

7.120.1.2.2 in order to satisfy that client order, reports a principal transaction with the client to the trading system at the same price at which the client order was entered into the central order book;

7.120.1.3 delta trades which comprise trades in futures contracts between two trading members or between a trading member and a client that provide the delta hedge in respect of trades in option contracts executed on or reported to the trading system on that day between the same parties;

7.120.1.4 late trades concluded by a trading member after trading hours and where the member:-

7.120.1.4.1 is trading in currency derivatives or interest rate derivatives with or on behalf of a client in fulfilment of an order that was received during trading hours and where, despite the best efforts of the member to fill that order during trading hours, the order remained unfilled at the market closing time; or

7.120.1.4.2 is a market maker trading in currency derivatives for its own account with another member; or

7.120.1.4.3 is trading in bonds for its own account with another member or with or on behalf of a professional client;

7.120.1.5 roll trades which give effect to the closing out of positions in futures contracts for one expiry date and the opening of positions in the same number of futures contracts on the

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same underlying for a later expiry date, and where the member is able to achieve a better average price for all of its clients whose positions are being rolled than the average price at which it could give effect to the rolling of the positions through the central order book;

- 7.120.1.6[2] expiry of physically settled futures contracts, as instructed by the Market Controller, in terms of rule 8.30.7; and
- 7.120.1.7[3] principal assignment trades.
- 7.120.2 Prior to reporting a currency derivatives transaction in terms of rule 7.120.1.2, a market maker must initially endeavour to satisfy the client's order through the central order book on an agency basis, failing which it must endeavour to satisfy the order through the central order book on a principal basis. However, in endeavouring to satisfy the client's order through the central order book on a principal basis, the market maker shall not be obliged to satisfy any orders in the order book which are at a better price or which have time priority over the client's order.
- 7.120.3[2] Subject to rule 7.120.4[3] and rule 7.120.7[6], reported transactions between two trading members must be reported to the trading system, by the trading members who are party to the transaction, within 30 minutes of the transaction being concluded.
- 7.120.4[3] Trading members must take reasonable steps to ensure that all reported transactions between two trading members that are concluded within the 30 minute period before the trading system closing time, as stipulated in the directives, are reported to the trading system before the system closing time. If despite taking all reasonable steps, trading members are unable to report transactions concluded during this 30 minute period to the trading system before the system closing time, the transaction must be reported by no later than 09h00 on the following business day.
- 7.120.5[4] Subject to rule 7.120.6[5] and rule 7.120.7[6], reported transactions between a trading member and a client must be reported to the trading system without delay but by no later than the trading system closing time on the trade date.
- 7.120.6[5] Trading members must take reasonable steps to ensure that all reported transactions between the trading member and a client that are concluded within the 2 hour period before the trading system closing time, as stipulated in the directives, are reported to the trading system before the system closing time. If despite taking all reasonable steps, trading members are unable to report transactions concluded within this 2 hour period to the trading system before the system closing time, the transaction must be reported by no later than 09h00 on the following business day.
- 7.120.7[6] All reported transactions that are concluded by trading members after the closing time of the trading system, as stipulated in the directives, must be reported to the trading system by no later than 09h00 on the following business day.
- 7.120.8[7] A trading member who reports a transaction in bonds in terms of rule 7.120.1.1 or a market maker who reports a currency derivatives transaction in terms of rule 7.120.1.2 must ensure that the date and time at which the transaction was concluded is included when the transaction is reported to the trading system.
- 7.120.9[8] If a reported transaction in bonds is reported to the trading system by a person other than a dealer, the trading member must retain a record identifying the dealer who was responsible for executing the transaction.

Proposed new Directive CE 4**CE Reported Transactions**

4. A trading member who reports a transaction in terms of rule 7.120 must ensure that the following transaction type code is included when the transaction is reported to the trading system.

<u>Transaction Description & Rule Reference</u>	<u>Transaction type code</u>
<u>Value Eligible – 7.120.1.1</u>	<u>Field to be left blank</u>
<u>Market Maker - 7.120.1.2</u>	<u>MMT</u>
<u>Delta trades - 7.120.1.3</u>	<u>DEL</u>
<u>Late trades – 7.120.1.4</u>	<u>LAT</u>
<u>Roll trades – 7.120.1.5</u>	<u>ROL</u>
<u>Physical Settlement – 7.120.1.6</u>	<u>EXP</u>