



## Market Notice

**Number:** Y550

**Date:** 11 October 2010

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### AMENDMENTS TO THE YIELD-X DIRECTIVES

Members are referred to Notice Y537 dated 14 September 2010 which invited comment on the proposed amendments to the Yield-X directives. No objection was received in terms of rule 1.80.5 and the amendments, attached as Annexure A, are approved with immediate effect.

These amendments allow for the trading of selected international derivatives and foreign commodity derivatives to be traded on the Yield-X trading system, however this will not be possible by the end of this year. The priority remains to expand the product range available in the Global Market and the JSE will advise market participants once this is achievable.

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

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SURVEILLANCE

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**Alternate Director:** J Berman

## AMENDMENTS TO THE YIELD-X 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.

### BA Qualifications to manage investments and provide investment advice

This directive sets out the qualification requirements for employees of a trading member who manage investments or provide investment advice in respect of Yield-X 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. Bonds **[traded on the Yield-X trading system]**

- 1.1 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 –

1.1.1 ...

#### 2. Interest rate derivatives **[traded on the Yield-X trading system]**

- 2.1 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 –

2.1.1 ...

#### 3. Currency derivatives **[traded on the Yield-X trading system]**

- 3.1 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 –

3.1.1 ...

#### 4. Derivative securities **[traded on the JSE derivatives trading system]**

- 4.1 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 -

4.1.1 ...

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

- 5.1 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 -

5.1.1 ...

#### 6. Foreign commodity derivatives **[traded on the JSE commodities trading system]**

- 6.1 An employee of a trading member may exercise discretion in the management of foreign commodity derivatives **[traded on the JSE commodities trading system]** or provide investment advice to clients on any transaction in such securities if the employee -

6.1.1 ...

**BB Qualifications to be registered as a dealer****1 Bonds**

1.1 ...

**2 Interest rate derivatives**

2.1 ...

**3 Currency derivatives**

3.1 ...

**4 Derivative securities**

4.1 In accordance with rule 3.120.5, an employee of a trading member may execute transactions in derivatives securities 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;*

4.1.1.3 *The Equity Market;* and

4.1.1.4 *The Derivatives Market;* or

4.1.2 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

4.1.3 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

4.1.4 has qualified as a Charterholder Member of the Chartered Financial Analyst Institute.

**5 Foreign commodity derivatives**

5.1 In accordance with rule 3.120.5, an employee of a trading member may execute transactions in foreign commodity derivatives if the employee –

5.1.1 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:

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

5.1.1.2 *Introduction to the Financial Markets;* and

5.1.1.3 *The Derivatives Market;* or

5.1.2 was registered with the JSE as an agricultural derivatives dealer, in terms of the JSE derivatives rules, as at 31 October 2008; or

5.1.3 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

5.1.4 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

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

5.1.6 is employed as a dealer executing transactions in foreign exchange or foreign commodities 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.