

Market Notice

Number: Y804

Date 12 January 2012

SETTLEMENT PENALTIES AND FEES – BONDS DIRECTIVE EI AND EJ

As Members are aware, it was agreed on go-live of the IRC market on the new trading platform on Monday, 09 May 2011, that Settlement Penalties and Fees would be suspended until the market settles down with the usage of the new trading platform.

After investigation it has been believed that the market has had sufficient time to settle down with the usage of the new trading platform and it has been agreed that the Settlement Penalties and Fees, as detailed below, will be imposed starting from Monday, 23 January 2012.

For ease of reference we have included an extract of Directive EI and EF below.

EI Penalties

- 1 The penalties set out in EI 3 will be levied by the JSE in respect of transgressions relating to the settlement of transactions in bonds.
- 2 Despite the provisions of this directive, further disciplinary action may be taken by the JSE in appropriate circumstances in terms of section 4 of the rules, in relation to the transgressions set out in EI 3.
- 3 The following penalties will apply:

Transgression	Penalty
3.1 Pre-trade: Trading in bonds where –	
3.1.1 a trading member has not opened a custody and funds settlement account with a CSDP and has not been set up on the trading system, Strate system and CSDPs system;	R10 000
3.1.2 where a transaction has been booked to a client's account that has not been registered in terms of directive EE.	R10 000
3.2 Reserved	
3.3 Reserved	

EI 3.1 amended with effect from 9 May 2011

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CB 2 amended with effect from 9 May 2011



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

3.4 T Where a member has failed to allocate a trade in terms of rule 9.70.2.1 or assign a trade in terms of rule 9.70.2.2 on the date of the trade	R1 000
3.5 T Where a member has failed to correct an allocation in terms of rule 9.70.3.1 or failed to correct a principal assignment in terms of rule 9.70.3.2.	R1 000
3.6 T+3 Where a member is unable to procure by 08h00 that a proprietary transaction or a transaction for a member settled or non-member settled client will settle in terms of rule 9.100.7 and 9.100.9.	R5 000 per occurrence
3.7 Where a member is unable to enter into an arrangement to ensure that a sale transaction settles on settlement date, which results in the Settlement Authority facilitating the borrowing of bonds on behalf of the member in terms of rule 9.140	R1 000 plus 10 basis points on the nominal value up to a maximum of R100 000
3.8 Where a member introduces a trade for which settlement is rolled in terms of rule 9.125.	R1 000 plus 20 basis points on the nominal value up to a maximum of R100 000
3.9 Where a member introduces a proprietary or client trade which is declared a failed trade in terms of rule 9.70.4	R1 000 plus 30 basis points on the nominal value up to a maximum of R100 000

4. Payment of Penalties

- 4.1 In the absence of an objection lodged by a member in terms of EI 4.2, the member must pay any penalty imposed by the Settlement Authority within 5 business days of the date of the invoice.
- 4.2 An objection to a penalty imposed by the Settlement Authority must be lodged in writing accompanied by mitigating evidence, signed by the settlement officer of the trading member and received by the Settlement Authority by no later than 15h00 on the day that the penalty is due and payable.

5. Publication of Penalties

The JSE will be entitled to publish the circumstances giving rise to and the details of the penalty imposed on a member in terms of EI 3.

EJ Settlement Authority fees

- 1 The following fees will be levied by the JSE in relation to action taken by the Settlement Authority.

Service	Fee
1.1 Reserved	
1.2 Reserved	
1.3 Provision by the Settlement Authority of bonds lending facilities to a member for a proprietary trade or to a client to enable settlement	R1 000 administration fee plus the greater of R1 000 or 5% p.a. of the initial value of the loaned bonds over the loan period
1.4 Provision by the Settlement Authority of funds to a member for a proprietary trade or to a client to enable settlement	R1 000 administration fee plus an interest charge of 5% p.a. above the Prime Overdraft Rate at FirstRand Bank Limited

1.5	Facilitation of a carry or repurchase transaction by the Settlement Authority on behalf of a member or a client to enable settlement	R5 000
1.6	Execution by the Settlement Authority of the rolling of settlement process in terms of rule 9.30.2.10	R5 000 administration fee payable by the member who introduced the trade which resulted in the execution of the process in terms of 9.30.2.10
1.7	Execution by the Settlement Authority of the give up process in terms of rule 9.30.2.9	R5 000 administration fee payable by the member who introduced the trade which resulted in the execution of the process in terms of 9.30.2.9
1.8	Execution by the Settlement Authority of the failed trade process in terms of rule 9.130 and rule 9.135.	R10 000 administration fee payable by the member who introduced the failed trade
1.9	Resolution by the Settlement Authority of an interest entitlement resulting from a bonds lending arrangement, rolling of settlement or failed trade procedure.	R1 000 administration fee payable by the member who introduced the failed trade

2. Payment of Fees

A member must pay any fees charged by the Settlement Authority within 5 business days of the date of the invoice.

Should members have any queries or comments in respect of the above, they can contact Brett Kotze on 011 520 7587 or at brettk@jse.co.za or Melissa Vermeulen on 011 5207796 or at melissav2@jse.co.za.

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