

**SCHEDULE RELATING TO THE AMENDMENT TO THE JSE DERIVATIVE RULES****General Explanatory notes:**

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

**(PROPOSED INSERTION TO SECTION 12 OF THE DERIVATIVE RULES)****12.50 JSE liquidity facility**

12.50.1 Without limiting or detracting from the other remedies and rights which a member or client or the clearing house or the JSE may have against a clearing member, the JSE may, in order to ensure the efficient functioning of the JSE's markets by effecting prompt payment to market counterparties, decide to apply the JSE liquidity facility provided for in this section and settle the obligations in terms of a trade or a position of:

12.50.1.1 clients and trading members whose payments are processed by a clearing member; and/or

12.50.1.2 a clearing member who has acquired positions as a result of the default provisions provided for in these Derivative rules vis-à-vis another market participant

on the relevant clearing member's behalf in circumstances where such clients, trading members or clearing members have been unable to satisfy their obligations in terms of a trade or a position as provided for in these Derivative rules.

12.50.2 The JSE will, for the avoidance of doubt, be able to apply the JSE liquidity facility referred to in 12.50.1 if:

12.50.2.1 a clearing member is unable to fulfil its obligations in terms of a trade or a position as a result of technical issues which preclude the clearing member from processing payments; and/or

12.50.2.2 a clearing member is in default and the JSE has initiated the default procedures provided for in these Derivative Rules.

12.50.3 In order to place the JSE in a financial position to exercise the discretion to apply the JSE liquidity facility contemplated in 12.50.1 in circumstances where, following a default, a clearing member is unable to satisfy its obligations in terms of a trade or a position towards its market counterparty, the amount that the JSE will pay on behalf of the clearing member to a market counterparty will be limited to:

12.50.3.1 the amount that the clearing member has paid to the JSE as margin for its obligations as set out in these Derivatives Rules; and/or

12.50.3.2 the amount of the initial margin paid by the market participants for which the clearing member clears.

12.50.4 The JSE will have the power and authority to set off any amount that it pays on behalf of a clearing member or on behalf of any other market participant to a counterparty in terms of the JSE liquidity facility against the clearing member margin or another market participant's initial margin.

12.50.5 For purposes of these Derivative Rules, the amount that the JSE may decide to pay on behalf of a clearing member in settlement of such clearing member's obligations in terms of a trade or position in terms of the JSE liquidity facility provided for in these Derivative Rules and the clearing house and/or the JSE's obligation to return initial margin to the clearing member constitute debts that are capable of being set off against one another.