

Market Notice

Number: A1988 A
Date 31 March 2014

Proposed Amendments to the Derivatives Rules – Colocation Facility

Members are advised that the amendments to the derivatives rules, attached as annexure A, were adopted by the Executive Committee on 28 March 2014.

The purpose of these amendments is to introduce requirements regarding the use of trading applications by members and their clients, particularly in the context of the forthcoming introduction of a colocation facility by the JSE.

The introduction of a colocation facility is expected to result in a significantly higher number of orders being submitted to the trading system by members than is currently the case. This requires the JSE to ensure that members make the necessary arrangements to avoid the submission of orders disrupting the efficiency and integrity of the market or the proper functioning of the trading system. In addition, the Market Controller needs to have the authority to instruct a member to restrict or discontinue the use of one of its own trading applications or an application used by one of its clients to submit orders to the trading system, or may himself restrict the usage of such an application, in the event that the manner of operation of such an application is considered by the Market Controller to be disruptive to the normal functioning of the market.

Equivalent requirements already exist in the equity market rules and the IRC rules, so the requirements in the derivatives rules are essentially just being brought in line with the requirements in the other markets.

Unless written objections are lodged in terms of rule 1.80.3, within 10 days of this notice, the proposed amendments to the rules will be submitted to the registrar for his approval.

Should you have any queries in respect of the proposed amendments to the rules, kindly contact Paul Hartzenberg on (011) 520 7584 or at paulh@jse.co.za.

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