INTEREST RATE AND CURRENCY DERIVATIVES RULES

12 December 2025

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PROPOSED AMENDMENTS TO THE JSE INTEREST RATE AND CURRENCY DERIVATIVES 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

Interest Rate and Currency Derivatives Rules January 2005
As amended by

Date	Notice No.	Amendment
1 June 2005	Y008	Rule 8.90 - change in option structure from American style to European style.
1 July 2005	Y013	Amendments arising from demutualisation
1 August 2005	Y020	SSA Amendments
24 April 2007	Y079	Amendments to capital adequacy requirements.
6 June 2007	Y089	Amendments regarding introduction of currency derivatives
30 July 2007	Y096	Amendments in respect of recognition under Financial Services Ombud Schemes Act, 2004
8 January 2008	Y273	Amendments to qualification requirements for investment managers, investment advisors and dealers
18 December2009	Y437	Amendments to the additional margin provisions and the requirements in respect of trading limits
27 October 2010	Y556	Introduction of new rule *4.15 Reporting and assistance by the JSE Surveillance Department-Financial Intelligence Centre Act*
9 May 2011	Y657	Amendments regarding the integration of the BESA rules and the Yield-X rules

The term "a Yield-X instrument" wherever the same appeared was substituted by "interest rate security" with effect from 1 August 2005.

The term "a Yield-X instrument" wherever the same appeared was substituted by "an interest rate security" with effect from 1 August 2005.

The term "Yield-X instruments" wherever the same appeared was substituted by "interest rate securities" with effect from 1 August 2005.

The term "Yield-X member" wherever the same appeared was substituted by "member" with effect from 1 August 2005.

The term "broking member" wherever the same appeared was substituted by "trading member" with effect from 1 August 2005".

The term "non-clearing member" wherever the same appeared was substituted by "trading member" with effect from 1 August 2005".

The term "an interest rate security" wherever the same appeared was substituted by "a Yield-X security" with effect from 4 June 2007.

The term "interest rate security" wherever the same appeared was substituted by "Yield-X security" with effect from 4 June 2007.

The term "interest rate securities" wherever the same appeared was substituted by "Yield-X securities" with effect from 4 June 2007.

The term "loan stock" wherever the same appeared was substituted by "bonds" with effect from 4 June 2007.

The term "a Yield-X security" wherever the same appears is substituted by "an IRC security" with effect from 9 May 2011.

The term "Yield-X securities" wherever the same appears is substituted by "IRC securities" with effect from 9 May 2011.

The term "Yield-X trading system" wherever the same appears is substituted by "trading system" with effect from 9 May 2011.

The term "the Yield-X rules" wherever the same appears is substituted by "these rules" with effect from 9 May 2011.

The term "these Yield-X rules" wherever the same appears is substituted by "these rules" with effect from 9 May 2011

The term "SAFCOM" wherever the same appears is substituted by "JSE Clear" with effect from 25 April 2014.

11 March 2013	Y1125	Introduction of the JSE Clear Default Fund
13 December 2013	Y1291	JSE liquidity facility
25 April 2014	Y1347	Amendments to give effect to the requirements of the Financial Markets Act, 2012
16 January 2015	037/2015	Amendments to rule 7.120 in respect of reported transactions
20 February 2015	113/2015	Amendment in respect of the extension of the transitional period pertaining to the prevention and detection of market abuse
24 October 2016	597/2016	Amendments in respect of the registration of traders and registered officers
28 April 2017	168/2017	Amendments in respect of the Conflicts of Interests arrangements of the JSE All references to "JSE Surveillance Department" are replaced with "JSE Market Regulation Division" and all references to "Director: Surveillance" are replaced with "Director: Market Regulation"
26 September 2017	407/2017	Amendments to harmonise the rules in Section 9 with those of Strate in respect of the implementation of the Debt Instrument Solution (DIS)
17 July 2018	289/2018	Amendments in respect of the settlement of transactions in bonds
29 April 2019	131/2019	Amendments in respect of the ITaC 1(b) and (c) upgrade
22 October 2021	496/2021	Amendments in respect of emigrant client concept
1 January 2023	369/2022	Amendments in respect of Recognition of JSE Clear's application to become a licenced independent clearing house and licenced central counterparty
10 January 2023	012/2023	Amendments in respect of Disciplinary Matters - Penalties
4 August 2023	299/2023	Amendments in respect of Recognition of JSE Ombud Scheme
1 September 2023	472/2023	Amendments in respect of Providing for the pledging of securities as collateral and a change to the deadline for payments to JSE Clear
12 December 2025	862/2025	Amendments in respect of Central Securities Depository (CSD) Naming Convention

The term "settlement agent" wherever the same appears is substituted by "CSDP" with effect from 9 May 2011

The term "STRATE settled bonds" wherever the same appears is substituted by "bonds with effect from 9 May 2011.

The term "STRATE" wherever the same appears is substituted by "Strate" with effect from 9 May 2011.

The term "JSE Gazette" wherever the same appears is substituted by "JSE Market Notice" with effect from 9 May 2011.

The term "member" wherever the same appeared and applicable was substituted by "trading member" with effect from 1 January 2023.

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SECTION 1

Section 1: General Provisions

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1.30 Reserved
1.40 Powers exercisable by the controlling body
1.41 Advisory Committees
1.50 These rules and directives
1.60 Transactions subject to provisions of the Act, these rules and directives
1.70 Interpretation of these rules and directives
1.80 Proposals for amendments to these rules and directives
1.90 JSE not responsible for any losses
1.100 Indemnification
1.110 Appointment of a clearing house
1.120 Transitional provisions
1.130 Compensation Funds
1.140 Settlement System

1.10 Reserved

1.20 Reserved

1.30 Reserved

1.40 Powers exercisable by the controlling body

1.40.1 The management and control of the JSE shall be exercised by the controlling body which shall be the governing body managing the affairs of the JSE.

1.40.2 The controlling body may, in addition to the powers and authorities expressly conferred upon it by the Act, the JSE's Memorandum and Articles of Association and these rules, exercise all such powers and do all such things as may be exercised or done by the JSE.

1.41 Committees

1.41.1 Advisory Committee

1.41.1.1 The controlling body shall procure the appointment of advisory committees.

1.41.1.2 The function of the advisory committees will be to make recommendations to the JSE Executive on operational issues.

1.41.1.3 The advisory committees shall consist of –

1.41.1.3.1 a chairperson, who shall be the JSE Executive member responsible for the area in question; and

1.41.1.3.2 such persons as the chairperson, in consultation with the JSE Executive and the controlling body, shall appoint by reason of their knowledge of or experience in the securities or other relevant markets and which shall include representatives of authorised users of the JSE.

1.41.1.4 The advisory committees shall make recommendations by reasonable consensus.

1.41.1.5 In the event that an advisory committee is not able to reach reasonable consensus on any issue considered by it, the conflicting views on the issue in question shall be advised to the JSE Executive.

1.41.2 Rules Committee

1.41.2.1 The SRO Oversight Committee shall appoint a Rules Committee to consider and adopt all proposed amendments to the rules and directives in accordance with rule 1.80.

1.41.2.2 The Rules Committee shall consist of the Director: Market Regulation and the Legal Counsel of the JSE.

1.41.3 Membership Committee

1.41.3.1 The SRO Oversight Committee shall appoint a Membership Committee to consider applications for membership and the provision of regulated services, as well as the

1.10 amended with effect from 1 July 2005
1.10 deleted with effect from 1 August 2005
1.20 deleted with effect from 1 July 2005
1.30 deleted with effect from 1 July 2005
1.40.2 amended with effect from 1 July 2005
1.40.3 and 1.40.4 deleted with effect from 1 August 2005
1.41 amended with effect from 28 April 2017.
1.41.2 amended with effect from 1 August 2005
1.41.3.1 amended with effect from 1 August 2005
1.41.3.2 amended with effect from 1 August 2005
1.41.5 amended with effect from 1 August 2005

termination of membership and the withdrawal of authority to perform regulated services.

1.41.3.2 The functions of the Membership Committee shall be to -

1.41.3.2.1 authorise applications for membership and for the provision of regulated services in accordance with rule 3.50;

1.41.3.2.2 terminate membership on a voluntary basis following notice from the trading member to do so, in accordance with rule 3.70;

1.41.3.2.3 provisionally or finally terminate membership on an involuntary basis in accordance with rule 3.80; and

1.41.3.2.4 withdraw the authority of a trading member to perform a regulated service.

1.41.3.3 The Membership Committee shall consist of -

1.41.3.3.1 the Legal Counsel of the JSE; and

1.41.3.3.2 the Director: Market Regulation.

1.41.4 Ombud Committee

1.41.4.1 The SRO Oversight Committee shall appoint an Ombud Committee to consider the appointment of an ombud in accordance with the FSR Act.

1.41.4.2 The functions of the Ombud Committee shall be to -

1.41.4.2.1 appoint an ombud in accordance with rule 5.100.1;

1.41.4.2.2 monitor and oversee the operation of the JSE Ombud Scheme, including in respect of the terms and conditions of the engagement of the ombud, such as remuneration and other benefits; and

1.41.4.2.3 terminate the appointment of the Ombud after the resolution of a dispute and/or if there are valid grounds to do so.

1.41.4.3 The Ombud Committee shall consist of -

1.41.4.3.1 the Legal Counsel of the JSE; and

1.41.4.3.2 the Company Secretary of the JSE.

1.50 These rules and directives

1.50.1 Purpose of these rules and directives

The purpose of these rules and directives is to achieve the objects of the JSE as set out in its Memorandum and Articles of Association by providing the procedures necessary to establish and regulate fair and efficient markets and to ensure that the business of the JSE is carried out in an orderly manner and with due regard to the objects of the Act.

1.50.2 Rules and directives are binding

1.50.2.1 These rules and directives are binding upon all trading members, officers and their employees.

1.41.4 introduced with effect from 4 August 2023
1.50 amended with effect from 1 August 2005
1.50.1 amended with effect from 1 July 2005
1.50.1amended with effect from 1 August 2005
1.50.2.1 amended with effect from 1 August 2005

1.50.2.2 Reserved.

1.50.2.3 These rules are binding on clients of a trading member and any other person who concludes a transaction with a trading member in the course of that trading member's business.

1.50.2.4 These rules are binding on CSDPs acting on behalf of trading members and their clients.

1.50.2.5 The controlling body shall notify trading members of any decisions or determinations made under these rules.

1.60 Transactions subject to provisions of the Act, these rules and directives

Every transaction in IRC securities entered into by a trading member must be concluded on the specific condition that the transaction is entered into subject to the provisions of the Act, these rules and the directives.

1.70 Interpretation of these rules and directives

The interpretation and enforcement of these rules and directives vests in the controlling body.

1.80 Proposals for amendments to these rules and directives

1.80.1 Any member of the JSE Executive or the Director: Market Regulation may propose in writing any amendment of these rules or directives.

1.80.2 The Rules Committee shall consider the proposed amendment to these rules or directives and notify trading members by way of notice of its decision in regard thereto.

1.80.3 If, within ten days of the notification of the decision of the Rules Committee to adopt the proposal, 5 or more trading members object in writing to the decision, the objection together with the reasons for such objection will be referred to the controlling body for determination.

1.80.4 If, in respect of a proposal with regard to these rules, an objection as referred to in rule 1.80.3 has not been lodged, or the controlling body upholds the decision of the Rules Committee to adopt the proposal, the proposal will be submitted to the Registrar for his approval.

1.80.5 If an objection to a proposed amendment to the directives has not been lodged within the prescribed period, or the controlling body upholds the decision of the Rules Committee to adopt the proposal, the proposal will take effect immediately.

1.90 JSE not liable for any losses

Subject to section 72 of the Act, the JSE shall not be liable to any person for any loss or damage resulting from –

1.90.1 negligence, on the part of the JSE or on the part of any employee or agent of the JSE;

1.90.2 any act or omission on the part of any third party;

1.90.3 incorrect, inaccurate, defective or misleading information furnished or supplied by the JSE or any employee or agent of the JSE or any third party;

1.90.4 equipment breakdown or the breakdown, interruption, suspension, termination or failure of or defect in any system, including but not limited to any trading system, or service rendered by or on behalf of the JSE;

1.50.2.2 deleted with effect from 1 August 2005
1.60 amended with effect from 1 August 2005
1.80 amended with effect from 1 August 2005
1.80 amended with effect from 28 April 2017.
1.80.1 amended with effect from 1 August 2005
1.80.2 amended with effect from 1 August 2005
1.80.3 amended with effect from 1 August 2005
1.80.4 amended with effect from 1 August 2005
1.80.5 amended with effect from 1 August 2005
1.90.1.1 to 1.90.1.6 renumbered 1.90.1 to 1.90.6 with effect from 1 August 2005
1.90 amended with effect from 25 April 2014 and 1 January 2023

1.90.5 computer system malfunction, the interruption or failure of communications links, power failure, the failure of or defect in any software or hardware, whether owned by, licensed or leased to the JSE, the loss or destruction of any data and natural disaster, riot, insurrection, acts of vandalism, sabotage or similar cause; and

1.90.6 the termination, for any reason whatsoever, of any licence or other agreement to which the JSE is a party.

1.100 Indemnification

A member of an advisory committee, trustee of the Compensation Funds and employee of the JSE shall be indemnified by the JSE out of the funds of the JSE against any liability, loss or, damage incurred or suffered as a result of any *bona fide* or negligent, but not grossly negligent or wilful, act or omission in the execution of their duties. For the purposes of this rule, such member, trustee or employee shall not be regarded as having been grossly negligent or having acted in wilful breach of duty or trust if the act or omission resulted from incorrect information supplied to such member, trustee or employee by a source from which the member, trustee or employee would normally accept the information as correct and which can be expected to provide the correct information.

1.110 Appointment of clearing house

The JSE may appoint a clearing house or a clearing house and central counterparty with the purpose of clearing and/or settling trades in IRC securities on the JSE in accordance with these rules and to provide any other functions, duties, services and/or facilities as may be required by the JSE.

1.120 Transitional Provisions

1.120.1 The markets operated by the JSE in which interest rate securities and currency derivatives were listed, namely, Yield-X and BESA, have been integrated with effect from the date as advised by the JSE ("the effective date"). The effect of the integration is that the Yield-X and BESA rules and directives, as well as the membership of the two markets, have been integrated.

1.120.2 The Yield-X rules and directives form the basis of the rules and directives for the integrated markets, with appropriate amendments having been made to give effect to the integration, and the integrated rules and directives have been re-named the JSE interest rate and currency ("IRC") rules and directives. The transitional provisions in 1.120.2 to 1.120.15 are necessary to give effect to the integration of the Yield-X and BESA rules and directives.

1.120.3 For the purpose of these rules and directives-

1.120.3.1 authorised users of the integrated interest rate and currency markets are referred to as Interest Rate and Currency ("IRC") trading members; and

1.120.3.2 securities listed in the integrated interest rate and currency markets are referred to as Interest Rate and Currency ("IRC") securities.

1.120.4 The rules and directives of the BESA market are repealed with effect from the effective date.

1.120.5 Anything done under any provision of the BESA rules prior to the repeal in rule 1.120.4, in respect of interest rate securities previously listed under such rules, shall be effective from the effective date as if done under or pursuant to these rules and directives.

1.120.6 The disciplinary procedure set out in section 4 may, from the effective date, and at the discretion of the JSE, be applied in the investigation and prosecution of any offence committed in terms of the BESA rules, prior to the repeal of such rules in terms of rule 1.120.4.

1.100 amended with effect from 1 August 2005
1.100.1 and 1.100.2 deleted with effect from 1 August 2005
1.100 amended with effect from 9 May 2011
1.110 amended with effect from 1 January 2023.
1.120.3 deleted with effect from 1 August 2005
1.120.3 deleted with effect from 1 August 2005
Old 1.120.1 and 1.1.20.2 deleted and replaced with New 1.120.1 to 1.120.15 with effect from 9 May 2011

1.120.7 The dispute resolution procedures set out in section 5 must, from the effective date, be applied in the resolution of complaints and disputes referred in terms of the BESA rules, prior to the repeal of such rules in terms of rule 1.120.4.

1.120.8 All authorised users of the BESA market who were not trading members of the Yield-X market shall, as at the effective date, become IRC trading members, and shall be authorised to trade in bonds, subject to any condition of membership that may be imposed by the JSE.

1.120.9 All trading members of the Yield-X market who were not trading members of the BESA market shall, as at the effective date, become IRC trading members, and shall be authorised to trade in IRC securities, subject to any condition of membership that may be imposed by the JSE.

1.120.10 A registered bond trader under the BESA rules who was authorised to execute transactions in bonds under such rules, as at the effective date, is automatically authorised to act as a trader in bonds in terms of these IRC rules and directives.

1.120.11 A registered derivatives trader under the BESA rules who was authorised to execute transactions in derivatives under such rules, as at the effective date, is automatically authorised to act as a trader in interest rate derivatives, other than currency derivatives, in terms of these IRC rules and directives.

1.120.12 A registered dealer under the Yield-X rules who was authorised to execute transactions in derivative securities under such rules, as at the effective date, is automatically authorised to act as a trader in derivative securities in terms of these IRC rules and directives.

1.120.13 A registered compliance officer under the BESA rules, as at the effective date, shall be recognised as a compliance officer under these IRC rules and directives, subject to such compliance officer being required to obtain any additional qualification as may be required by the JSE in terms of the directives if the trading member is subsequently granted authorisation to trade in interest rate or currency derivatives.

1.120.14 Notwithstanding the provisions of rule 1.120.5, all client agreements concluded between BESA trading members and their clients in terms of the BESA rules shall, as at the effective date, remain in effect: Provided that those trading members must ensure that the agreements comply with the requirements regarding client agreements as prescribed in these IRC rules and directives.

1.120.15 For the purpose of the trust deed of the Guarantee Fund, any reference in the trust deed to the "Rules" shall include these IRC rules, as the IRC rules effectively replace the BESA rules.

1.120.16 Trading members will have 12 months from the date of approval by the registrar of the amended rules 7.50.2 to 7.50.4 within which to conduct the relevant training and formulate and implement the compliance monitoring procedures referred to in those rules.

1.130 Compensation Funds

1.130.1 The JSE shall have the power to–

1.130.1.1 establish and maintain, to the satisfaction of the Registrar, one or more Compensation Funds out of which shall be paid claims up to an amount specified in the respective rules of such funds in respect of liabilities arising prior to the default of a trading member. Such payment shall be limited to claims arising out of transactions in IRC securities with or on behalf of other persons by such trading member and such other liabilities as may be specified in the rules of the Compensation Funds and shall be subject to any defences which the defaulting trading member may have against a claimant; and

1.130.1.2 determine a levy to be payable by every trading member to the Compensation Funds on transactions in IRC securities.

1.120.16 introduced with effect from 25 April 2014
12.120.10 amended with effect from 24 October 2016.
12.120.11 amended with effect from 24 October 2016.
12.120.12 amended with effect from 24 October 2016.
1.120.16 amended with effect from 20 February 2015
1.130 introduced with effect from 1 August 2005 and amended with effect from 9 May 2011
1.130.1 to 1.130.4 amended with effect from 9 May 2011

1.130.2 Where a trading member has effected a transaction on behalf of a buyer or a seller of IRC securities, such trading member may recover the levy imposed in terms of rule 1.130.1.2 from such buyer or seller.

1.130.3 The trustees of the Compensation Funds, in their capacity as trustees, acquire, incur and administer the assets and liabilities of the Compensation Funds.

1.130.4 The income of the Compensation Funds, including but not limited to levy contributions by trading members, vests in the trustees and is administered by the trustees as part of the Compensation Funds.

1.140 Settlement System

1.140.1 The JSE may operate, or contract with a third party to operate, one or more settlement systems and the JSE may prescribe –

1.140.1.1 procedures and requirements with which trading members must comply when using such settlement systems; and

1.140.1.2 the fees payable by the trading members for the use of such settlement systems.

1.150 Systemically Important Financial Institutions

Despite any provision in these rules, and in accordance with Section 31(1) of the FSR Act, any action by the JSE that suspends, varies, amends or cancels the membership status or authorisation of a trading member that has been designated as a systemically important financial institution in terms of Section 29(1) of the FSR Act, must be done in concurrence with the South African Reserve Bank.

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1.140 introduced with effect from 9 May 2011
1.150 introduced with effect from 1 January 2023

SECTION 2

Section 2: Definitions and Interpretation

Scope of section

2.10 Definitions
2.20 Interpretation

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 –

"Act"	means the Financial Markets Act (Act No. 19 of 2012) and any measure prescribed thereunder by the Minister of Finance or the Registrar ;
"additional margin"	means - (a) the margin, in addition to initial margin, deposited by a trading member with its clearing member as agreed upon between the parties in terms of the clearing agreement; or (b) the margin, in addition to initial margin, deposited by a client with its trading member as agreed upon between the parties in terms of the client agreement;
"advertisement"	means any written, printed, electronic or oral communication, including a communication by means of a public radio service, television broadcast or any other media by a trading member, which communication is directed to the general public, or any section thereof, or to any client, and is intended to call attention to, or to market or promote, the services offered by a trading member, and which does not purport to provide detailed information about such services; and "advertising" has a corresponding meaning;
"advice"	has the same meaning as that contained in Section 1 of the Act;
"agent"	means a trading member who has traded on behalf of a client other than for its own account in terms of these rules;
"aggregate position"	means collectively all the proprietary positions in IRC securities registered in the name of a trading member or, collectively, all the positions in IRC securities registered in the name of a client;
"aggressive order"	means an order that matches with an existing order in the central order book when it is entered;
"agricultural derivatives"	means those commodity derivatives, the financial terms of which are determined by an underlying agricultural product;
"allocation"	means a transfer of a trade or divided trade, or a transfer of aggregated trades, executed on the central order book of the JSE trading system or negotiated off book and reported to the JSE trading

"Act" amended with effect from 1 August 2005
"Act" amended with effect from 25 April 2014
"additional margin" amended with effect from 11 March 2013 and 1 January 2023
"advice" deleted with effect from 1 August 2005
"advice" introduced with effect from 25 April 2014
"affiliated officer" deleted with effect from 1 August 2005
"aggressive order" introduced with effect from 29 April 2019
"agricultural derivatives" introduced with effect from 24 December 2008
"agricultural derivatives" amended with effect from 29 April 2019
"allocation" amended with effect from 29 April 2019
"alternate settlement officer" introduced with effect from 9 May 2011
"appeal board" introduced with effect from 25 April 2014
"Arbitration Act" deleted with effect from 1 August 2005
"arbitrator" deleted with effect from 1 August 2005

	system in an agency capacity, from a trading member's suspense account to a client at the price or the average price of the original trade or trades;
"alternate settlement officer"	means the person appointed by a trading member in terms of rule 3.120.4;
"appeal board"	has the same meaning as that contained in Section 1 of the Act;
"assign"	means the exercise by JSE Clear of its right in terms of an option contract to buy or sell the underlying instrument of the option contract from or to a person holding a short position in the option contract;
"authorised bank"	means a branch of an Authorised Dealer which, in terms of Exchange Control Regulation 14, has been appointed to administer securities control;
"Authorised Dealer"	means, in relation to any transaction in respect of gold, a person authorised by the Treasury to deal in gold and, in relation to any transactions in respect of foreign exchange, a person authorised by the Treasury to deal in foreign exchange;
"authorised user"	has the same meaning as that contained in section 1 of the Act;
"bank"	has the same meaning as that contained in section 1 of the Act;
"BESA"	means a market in bonds operated by the JSE prior to the effective date of the integration of the JSE's interest rate and currency markets;
"bonds"	means those JSE listed securities that create or acknowledge the indebtedness of an issuer, and "bond" has a corresponding meaning;
"branch of a foreign bank"	means a foreign institution which is authorised in terms of the Banks Act, 1990 (Act No. 94 of 1990) to conduct the business of a bank by means of a branch in the Republic;
"broadcast"	means the communication or dissemination of bid and offer prices on an effective one-to-many basis, excluding requests for quotes where the information is disseminated to a specific recipient;

"authorised bank" amended with effect from 24 December 2008
"authorised dealer" amended with effect from 24 December 2008
"authorised user" introduced with effect from 1 August 2005
"board of appeal" introduced with effect from 1 August 2005
"board of appeal" deleted with effect from 25 April 2014
"broking member" deleted with effect from 1 August 2005
"bank" introduced with effect from 1 August 2005
"BESA" introduced with effect from 9 May 2011
"bonds" introduced with effect from 4 June 2007
"bonds" amended with effect from 9 May 2011
"bonds" amended with effect from 29 April 2019
"branch of a foreign bank" introduced with effect from 26 April 2007
"broadcast" introduced with effect from 9 May 2011
"broadcast" amended with effect from 25 April 2014

"business day" or day"	means any day except a Saturday, Sunday, public holiday or any other day on which the JSE is closed;
"buy"	means, in relation to IRC securities, to enter into either – (a) a purchase of a futures contract in terms of which the buyer is obliged to take delivery of the underlying instrument at the agreed price on the future date or to pay an amount of money if, on the future date, the price or value of the underlying instrument is less than the agreed price; or (b) a purchase of an option contract in terms of which the buyer obtains the right to buy or sell the underlying instrument of the option contract at the agreed price before or on the future date; or (c) a purchase of bonds in terms of which the buyer is obliged to make payment for the bonds and receive delivery of such bonds at the agreed price on the settlement date;
"call option contract"	means a contract, in terms of which the holder of a long position in the call option contract has obtained the right to buy, and the holder of a short position shall, if the option is exercised, be obliged to sell, the underlying instrument of the option contract from or to JSE Clear on or before the future date at the strike price in accordance with these rules and the contract specification of the option contract;
"capital adequacy requirement"	means the sum of the greater of a trading member's initial capital or one quarter of its annual fixed operating costs plus its risk requirements as determined by the JSE;
"capital adequacy return"	means the submission by a trading member of its capital adequacy requirement to the JSE in the manner and form specified by the JSE ;
"carry transaction"	means a buy/sell back transaction between two parties in terms of which one party agrees to buy bonds from the other party while simultaneously agreeing to sell the bonds back on an agreed future date at an agreed price;
"cash root"	means the source of the funds due by the ultimate buyer of the bonds;
"cash settled futures contract"	means a futures contract contemplated in part (b) of the definition of a "futures contract";
"central counterparty"	has the same meaning as that contained in section 1 of the Act;
"central securities depository"	has the same meaning as that contained in section 1 of the Act. For the purposes of these rules, any reference to "the central securities depository" means a central securities depository as identified by the JSE in the directives;

"business day" amended with effect from 1 August 2005
"capital adequacy requirement" amended with effect from 1 August 2005
"cash settled futures contract" amended with effect from 1 August 2005
"central counterparty" introduced with effect from 1 January 2023
"central securities depository" introduced with effect from 9 May 2011

"cleared bond trade"	means a transaction in bonds accepted for clearing by JSE Clear, and where both counterparties are trading members trading for their own account and have elected for the bond trade to be cleared;
"clearing"	means the process in terms of which JSE Clear acts as central counterparty by becoming the buyer to the seller and the seller to the buyer in every trade in derivative securities and in cleared bond trades, whereupon the clearing member acting for the buyer and/or seller guarantees to JSE Clear all obligations in respect **[arising out]** of any trade or position **[resulting from such trade]** in terms of the JSE Clear rules;
"clearing agreement"	means a written agreement entered into between a clearing member and a trading member in terms of which the clearing member provides clearing services to the trading member and the clients of the trading member, and the trading member guarantees to the clearing member the performance of the obligations in respect **[arising out]** of the trades and positions of the trading member and the clients of the trading member;
"clearing house"	has the same meaning as that contained in section 1 of the Act;
"clearing house agreement"	means a written agreement entered into between a clearing member and JSE Clear in terms of which the clearing member guarantees to JSE Clear all of the obligations arising out of its proprietary trades and positions as a trading member, the trades and positions of its clients, the proprietary trades and positions of the trading members with which it has entered a clearing agreement and the trades and positions of the clients of such trading members;
"clearing member"	means a person authorised by JSE Clear to perform clearing services in terms of JSE Clear Rules and who has entered into a clearing house agreement with JSE Clear;
"clearing services"	has the same meaning as that contained in Section 1 of the Act;
"client"	means any person to whom a trading member or clearing member provides securities services in terms of these rules and/or the JSE Clear rules, and includes a person that acts as an agent for another person in relation to those services, in which case it will include the agent or exclude the other person if the contractual arrangement between the parties indicates this to be the intention;

"clear" amended to "clearing" with effect from 1 August 2005
"clearing" amended with effect from 29 April 2019
"clearing" amended with effect from 9 May 2011 and 1 January 2023
'Clearing agreement" amended with effect from 1 January 2023
"clearing house" amended with effect from 1 August 2005
"clearing house" amended with effect from 1 August 2005
"clearing house agreement" introduced with effect from 1 January 2023
"clearing member" amended with effect from 1 August 2005 and 9 May 2011
"clearing member" amended with effect from 25 April 2014 and 1 January 2023
"clearing services" introduced with effect from 25 April 2014
"client" amended with effect from 1 January 2023
"client" amended with effect from 1 August 2005
"client" amended with effect from 25 April 2014

"client agreement"	means an agreement between a trading member and a client entered into before the trading member becomes entitled to trade for or on behalf of the client, the basic terms and formal requirements of which have been prescribed by the JSE;
"client application"	means an electronic system used by a client to submit orders to a trading member;
"close out"	means the cancellation of a position in one direction by an equal and opposite position (e.g. a long position in an IRC security is cancelled by a short position in the same IRC security);
"collateral"	means the cash provided to the Settlement Authority by a trading member or client as security for the due return of equivalent bonds in terms of a lending transaction; or the bonds provided to the Settlement Authority as security for the due return of the funds lent to a trading member or client, as the context may require;
"commodity derivatives"	means those derivative securities, the financial terms of which are determined by an underlying commodity;
"common monetary area"	means the Republic of South Africa, Lesotho, Namibia and Swaziland;
"Companies Act"	means the Companies Act, 2008 (Act No. 71 of 2008), as amended from time to time;
"company"	means a company as defined in Section 1 of the Companies Act, and registered in terms of that Act;
"Compensation Funds"	means collectively, the Fidelity Fund and the Guarantee Fund, as contemplated in section 8(1)(h) of the Act;
"compliance officer"	means the person appointed by a trading member in terms of rule 3.120.2;
"contract specification"	means the standard terms and formal requirements of a futures or option contract as determined by the JSE;
"contractual settlement"	means the market convention whereby the parties to a transaction in bonds have a contractual obligation to cause such transaction to be settled on the settlement day;

"commodity securities" introduced with effect from 24 December 2008
"commodity securities" amended to "commodity derivatives" with effect from 29 April 2019
"Companies Act" introduced with effect from 1 August 2005
"Companies Act" amended with effect from 9 May 2011
"Companies Act" amended with effect from 25 April 2014
"company" amended with effect from 1 August 2005
"Compensation Funds" introduced with effect from 9 May 2011
"Compensation Funds" amended with effect from 25 April 2014
"compliance officer" amended with effect from 9 May 2011
"dealer" deleted with effect from 24 October 2016.
"derivative rules" amended with effect from 1 August 2005
"contract specification" amended with effect from 1 August 2005
"Constitution" deleted with effect from 1 July 2005

"controlling body"	means the board of directors of the JSE which is the governing body managing the affairs of the JSE or the board of directors of JSE Clear which is the governing body managing the affairs of JSE Clear;
"corporate action"	means any economic right or benefit flowing from ownership of bonds;
"counterparty risk requirement"	means the risk requirement in relation to the unsettled obligations of third parties, as determined by the JSE;
"CSD"	means a central securities depository;
"CSDP"	means a central securities depository participant that has been accepted by the central securities depository as a participant in that central securities depository, and who is appointed to settle transactions in bonds on behalf of a trading member or a client of a trading member;
"currency derivatives"	means those derivative securities, the financial terms of which are determined by a rate of exchange;
"deal management"	means the aggregation, division and allocation of on book and off book trades as contemplated in rule 7.100;
"default"	means a default by a client or trading member or clearing member as contemplated in Section 11;
"derivative instrument"	has the same meaning as that contained in section 1 of the Act;
"derivative rules"	means the rules and directives of the JSE applicable to the equity derivatives and commodity derivatives markets;
"derivative securities"	means those derivative instruments that are JSE listed securities and traded on the JSE trading system in terms of these IRC rules;
"discretionary basis"	in relation to the management of investments, means to trade, without it being necessary to obtain further authority or consent from the client involved, other than the discretionary client agreement;
"discretionary client agreement"	means the client agreement as prescribed by the JSE that entitles the trading member to trade for a client on a discretionary basis;

"controlling body" amended with effect from 1 January 2023
"counterparty risk requirement" amended with effect from 1 August 2005
"CSD" introduced with effect from 12 December 2025
"CSDP" introduced with effect from 9 May 2011
"currency derivatives" introduced with effect from 4 June 2007
"currency derivatives" amended with effect from 29 April 2019
"deal management" introduced with effect from 29 April 2019

"Default Fund" introduced with effect from 11 March 2013 and deleted with effect from 1 January 2023
"derivative instrument" introduced with effect from 1 August 2005
"derivatives rules" amended with effect from 9 May 2011
"derivative rules" amended with effect from 1 August 2005
"derivative securities" introduced with effect from 24 December 2008
"derivative securities" amended with effect from 29 April 2019
"directive" deleted with effect from 1 August 2005

"discretionary financial services provider"	has the same meaning as that contained in section 2.1 of the Code of Conduct for Administrative Financial Services Providers issued by the Registrar of Financial Services Providers;
"dispute"	means any dispute arising between any of the persons bound by these rules and which the JSE declares to be a dispute in terms of rule 5.90;
"employee"	means a person engaged by a trading member within that area of business that operates as a trading member;
"equivalent bonds"	means uncertificated securities of an identical type, nominal value, description and amount to the loaned bonds duly adjusted for any corporate action
"exchange"	has the same meaning as that contained in section 1 of the Act;
"Exchange Control Regulations"	means the Exchange Control Regulations, 1961, as promulgated by Government Notice R1111 of 1 December 1961, made in terms of Section 9 of the Currency and Exchanges Act, 1933 (Act No. 9 of 1933);
"executive director"	means in respect of a corporate entity a person appointed as a director of a trading member and who, in terms of a contract of employment with such trading member is in its full-time employ;
"Executive Officer"	means the person appointed by the controlling body as the Chief Executive Officer in terms of these rules or, in that person's absence, that person's deputy;
"exercise"	means, in relation to the registered holder of a long position in an option contract, to exercise its right to buy or sell the underlying instrument of the option contract at the strike price on or before the future date;
"expire"	means the closing out of a position in an IRC security by way of a transaction generated by JSE Clear between the registered holder of a position and JSE Clear in terms of these rules;
"expiry month"	means in relation to a futures or option contract, the month in which the positions in such IRC securities expire on the date and at the time as contained in the contract specification of the futures or option contract;

"dispute" amended with effect from 1 August 2005
"emigrant" deleted with effect from 22 October 2021
"emigrant client" deleted with effect from 22 October 2021
"emigrant blocked account" deleted with effect from 22 October 2021
"emigrant blocked account clearance certificate" deleted with effect from 22 October 2021
"employee" amended with effect from 1 August 2005
"equities rules" deleted with effect from 1 August 2005
"equity securities" deleted with effect from 29 April 2019
"equivalent STRATE settled bonds with effect from 1 August 2005
"exchange" introduced with effect from 1 August 2005
"executive director" amended with effect from 1 August 2005

"external company"	means an external company as defined in Section 1 of the Companies Act, registered in terms of Section 23 of the Companies Act;
"external exchange"	has the same meaning as that contained in section 1 of the Act;
"failed trade"	means a trade in bonds which the Settlement Authority or, where applicable, JSE Clear deems to be a failed trade on the basis that neither the client, the trading member, nor the Settlement Authority or, where applicable, JSE Clear is able to ensure that such trade will settle on the settlement date;
"FAIS Act"	means the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002);
"Fidelity Fund"	means a Compensation Fund as contemplated in terms of Section 8(1)(h) of the Act, out of which shall be paid claims arising from the default of a trading member in accordance with the rules of the fund;
"Financial Intelligence Centre Act"	means the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001);
"financial products"	has the same meaning as that contained in section 1 of the FAIS Act, and by definition includes JSE authorised investments;
"financial services provider"	has the same meaning as that contained in section 1 of the FAIS Act;
"foreign commodity derivatives"	means those commodity securities which are cash settled derivative instruments and the financial terms of which are determined by an underlying foreign referenced commodity;
"foreign exchange risk requirement"	means the risk requirement of a trading member in relation to positions or client obligations which are exposed to changes in the value of foreign currencies relative to the Rand, determined by the JSE by directive;
"forward transaction"	means a transaction in bonds in which the counterparties to the transaction agree to settle the transaction on a settlement date which is more than three business days after the trade date;
"FSR Act"	means the Financial Sector Regulation Act 9 of 2017;
"futures contract"	means a contract, the effect of which is that -

"external company" amended with effect from 1 August 2005
"external company" amended with effect from 25 April 2014
"external exchange" introduced with effect from 1 August 2005
"Fidelity Fund" amended with effect from 9 May 2011
"Fidelity Fund" amended with effect from 25 April 2014
"Financial Intelligence Centre Act" introduced with effect from 25 April 2014
"financial products" amended with effect from 1 August 2005
"foreign commodity derivatives" introduced with effect from 24 December 2008
"foreign exchange" deleted with effect from 1 August 2005
"forward transaction" introduced with effect from 9 May 2011
"forward transaction" introduced with effect from 9 May 2011
"FSR Act" introduced with effect from 1 January 2023
"futures contract" amended with effect from 1 August 2005

(a) a person agrees to deliver the underlying instrument to or receive it from another person at an agreed price on a future date; or

(b) a person will pay to or receive from another person an amount of money according to whether, on the future date, the price or value of the underlying instrument is higher or lower than the agreed price on that future date,

in accordance with these rules and the contract specification of the futures contract and which is included in the list of IRC securities kept by the JSE in terms of the Act;

"Guarantee Fund" means a Compensation Fund as contemplated in terms of Section 8(1)(h) of the Act, out of which shall be paid claims arising from the default of a trading member in accordance with the rules of the fund;

"in writing" has the same meaning as that contained in section 1 of the Act;

"insolvency administrator" has the same meaning as that contained in section 1 of the Act;

"insolvency proceeding" has the same meaning as that contained in section 1 of the Act;

"initial capital" means the minimum capital as specified by the JSE;

"initial margin" means the amount of money paid, or securities pledged, to JSE Clear in accordance with section 39 of the Act, as determined by JSE Clear and held in respect of the aggregate position of a trading member or a client;

"inter-dealer broker" or "IDB" means a sub-category of trading member authorised to act as an intermediary between two other trading members or between a trading member and another person in relation to the purchase and sale of IRC securities;

"interest rate derivatives" means those IRC securities which are derivative instruments and the financial terms of which are determined by a rate of interest;

"intermediary services" has the same meaning as that contained in section 1 of the FAIS Act;

"Guarantee Fund" introduced with effect from 9 May 2011
"Guarantee Fund" amended with effect from 25 April 2014
"in writing" amended with effect from 1 August 2005
"insolvency administrator" introduced with effect from 25 April 2014
"insolvency proceeding" introduced with effect from 25 April 2014
"initial capital" amended with effect from 1 August 2005
"initial margin" introduced with effect from 1 January 2023
"interest rate securities" introduced with effect from 1 August 2005
"interest rate securities" amended and replaced with 'Yield-X securities' with effect from 4 June 2007
"initial margin" amended with effect from 1 January 2023
"initial margin" amended with effect from 1 September 2023
"inter-dealer broker" or "IDB" introduced with effect from 9 May 2011
"inter-dealer broker" or "IDB" amended with effect from 25 April 2014
"interest rate derivatives" introduced with effect from 4 June 2007
"investment advice" introduced with effect from 1 August 2005
"investment advice" deleted with effect from 25 April 2014

"investment manager"	means a trading member who is authorised in terms of section 10 of these rules to undertake the management of investments on a discretionary basis;
"IRC securities"	means the bonds, interest rate derivatives and currency derivatives that are JSE listed securities and traded on the JSE trading system;
"JSE"	means JSE Limited, a company duly registered and incorporated with limited liability under the company laws of the Republic, licensed to operate an exchange under the Act;
"JSE authorised investments"	means – (a) IRC securities; (b) JSE listed securities traded on the JSE equities market or derivatives market; (c) securities listed on an exchange in the Republic other than the JSE; (d) securities listed on an external exchange; (e) participatory interests in a collective investment scheme as defined in the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), and units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes in terms of section 65 of that Act; (f) units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; and (g) funds intended for the purchase of such securities, units or participation;
"JSE Clear"	means JSE Clear Limited, a company duly registered and incorporated with limited liability under the company laws of the Republic, licensed to operate as an independent clearing house and central counterparty under the Act;
"JSE Clear agreement"	means a written agreement entered into between a clearing member and JSE Clear in terms of which the clearing member guarantees to JSE Clear all of the obligations arising out of its proprietary trades and positions as a trading member, the trades and positions of its clients, the proprietary trades and positions of the trading members with which it has entered into a clearing agreement, and the trades and positions of the clients of such trading members;
"JSE Executive"	means the Executive Officer and such other officials of the JSE as the Executive Officer may decide shall serve on the JSE's top management;
"JSE listed securities"	means those securities included in the list of securities kept by the JSE;

"investment manager" amended with effect from 1 August 2005
"IRC securities" introduced with effect from 9 May 2011
"IRC securities" amended with effect from 29 April 2019
"JSE" amended with effect from 1 July 2005
"JSE authorised investments" introduced with effect from 1 August 2005
"JSE authorised investments" amended with effect from 29 April 2019
"JSE listed securities" introduced with effect from 1 August 2005

"JSE Market Notice"	means the notice published by the JSE under the authority of the JSE Executive;
"JSE trading system"	means the computer system or systems and associated network or networks operated or used by the JSE for the purpose of providing a market or markets for the trading of JSE listed securities;
"large exposure risk"	means the risk requirement of a trading member in relation to large exposures to a third party or a connected group of third parties, as determined by the JSE;
"listed securities"	has the same meaning as that contained in section 1 of the Act;
"lender"	means the third party from which the Settlement Authority, as agent for the trading member or client as undisclosed principal, has borrowed the bonds;
"lending fees"	means the fees due by the trading member or client in respect of loaned bonds;
"lending margin"	means the amount or percentage by which the value of the collateral is required to exceed the initial loan value or the current ruling price value or the highest mark-to-market value during the loan period, whichever is the greatest, of the loaned bonds or the amount or percentage by which the value of the collateral is required to exceed the value of the loaned funds, as the context may require;
"loaned funds"	means the funds borrowed by a trading member or client from the Settlement Authority;
"loaned bonds"	means the uncertificated securities borrowed by a trading member or client through the Settlement Authority;
"loan date"	means the date on which loaned bonds are transferred by the Settlement Authority into the custody account of a trading member or client; or the date on which funds are transferred by the Settlement Authority into the funds settlement account of a trading member or client, as the context may require;
"loan fees"	means the interest and fees due to the Settlement Authority by a trading member or client in respect of loaned funds provided;
"loan period"	means the period of time expressed in days from the loan date to the return date;

"JSE Market Notice" introduced with effect from 9 May 2011
"JSE Clear" introduced with effect from 25 April 2014 and amended with effect from 1 January 2023
"JSE Clear agreement" introduced with effect from 25 April 2014
"JSE commodities trading system" introduced with effect from 24 December 2008
"JSE Commodities trading system" amended to "JSE trading system" and amended with effect from 29 April 2019
"JSE derivatives trading system" deleted with effect from 29 April 2019
"JSE equities trading system" deleted with effect from 29 April 2019
"JSE systems" deleted with effect from 29 April 2019
"large exposure risk" amended with effect from 1 August 2005
"listed securities" introduced with effect from 1 August 2005
"loaned bonds" amended with effect from 1 August 2005
"loan date" amended with effect from 9 May 2011

"loan recall"	means a demand by the Settlement Authority for the return of equivalent bonds in terms of a lending transaction;
"long position"	means a number of IRC securities registered by JSE Clear in the name of a trading member or client in terms of which - (a) in relation to futures contracts, the trading member or the client is obliged to take delivery of the underlying instrument on a future date at the agreed price, or to pay an amount of money on a future date if the price or value of the underlying instrument on that future date is less than the agreed price; or (b) in relation to option contracts, the trading member or client has acquired the right to buy or sell the underlying instrument of the option contract before or on the future date at the agreed price; or (c) in relation to bonds, the trading member or client is obliged to make payment for, and take delivery of, the bonds on the settlement date at the agreed price;
"manage"	in relation to JSE authorised investments, means any arrangement entered into between a client and a trading member which authorises the trading member to buy or sell JSE authorised investments or exercise any rights attached to those investments on behalf of the client, either with full discretion or with prior reference to the client;
"margin"	means either initial margin, **[settlement margin,]** variation margin, **[top-up margin,]** additional margin or retained margin as the context may require;
"margin category"	means the margin category, expressed as a percentage of the initial margin **[or settlement margin]**, which is allocated to a non-resident client by the trading member when the non-resident client is registered;
"Market Controller"	means the person appointed by the JSE to supervise, administer and control the daily operations of the JSE trading system;
"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;
"mark-to-market"	means the revaluation of a trade or position in an IRC security to its current market value;

"loan stock" amended with effect from 1 August 2005
"loan stock" amended and replaced with 'bonds" with effect from 4 June 2007
"manage" introduced with effect from 24 December 2008
"manage" amended with effect from 25 April 2014
"market corner" introduced with effect from 1 August 2005
"market corner" deleted with effect from 25 April 2014
"market maker" introduced with effect from 16 January 2015
"match" amended with effect from 29 April 2019

"match"	means the matching of a buy order with a sell order on the central order book or the matching of off book transactions executed by trading members;
"matched principal"	means a transaction in bonds which is facilitated by a trading member (including but not limited to an IDB), in terms of which the facilitating trading member- (a) trades with or on behalf of two other trading members or on behalf of a client and another trading member; (b) does not disclose the identity of the two counterparties to each other; and (c) reports to the JSE trading system a purchase transaction and a sale transaction with or on behalf of the two counterparties through the trading member's stock account;
"member application"	means an electronic system used by a trading member to submit orders to the JSE trading system;
"member settled client"	means a client who has appointed a trading member to settle transactions in bonds on his behalf via the CSDP of the trading member;
"name give-up"	means a transaction in bonds which is facilitated by a trading member (including but not limited to an IDB), in terms of which the facilitating trading member- (a) arranges the transaction between two counterparties (either two other trading members or a client and another trading member); (b) discloses the identity of the two counterparties to the transaction to each other; and (c) leaves it to those counterparties to report the transaction between them to the JSE trading system;
"non-executive director"	means a person appointed under the Companies Act as a director of a trading member, but who is not employed by such trading member;
"non-member settled client"	means a client other than a trading member settled client who has appointed his own CSDP to settle transactions in bonds on his behalf;
"non-resident"	means a person (i.e. a natural person or legal entity) whose normal place of residence or domicile or registration is outside the common monetary area;

"mediation" deleted with effect from 1 August 2005
"mediator" deleted with effect from 1 August 2005
"member" deleted with effect from 1 January 2023
"matched principal" introduced with effect from 9 May 2011
"non-broking member" deleted with effect from 1 August 2005
"non-clearing member" deleted with effect from 1 August 2005
"name give-up" introduced with effect from 9 May 2011
"non-executive director" amended with effect from 1 August 2005
"off book" or "off book trade" introduced with effect from 29 April 2019
"on book" or "on book trade" introduced with effect from 29 April 2019

"non-resident account"	means the account of a non-resident;
"non-resident account clearance certificate"	means the certificate, the terms of which are determined by the JSE in agreement with the South African Reserve Bank and which is to confirm to the authorised bank concerned the monthly amount of interest on any margin held by JSE Clear, due to a non-resident;
"non-resident client"	means a non-resident who has concluded a client agreement with a trading member and who has been registered by JSE Clear as a non-resident client of such trading member;
"off book" or "off book trade"	means a transaction in IRC securities negotiated off the central order book and reported by a trading member to the JSE trading system;
"on book" or "on book trade"	means a transaction in IRC securities executed by a trading member on the central order book of the JSE trading system;
"option contract"	means a put option contract or a call option contract, as the context may require;
"order"	means a commitment to buy or sell a specified quantity of futures and option contracts or a specified nominal value of bonds;
"own funds"	means the net financial worth of a trading member calculated in the manner determined by the JSE;
"passive order"	means an order that does not match with an existing order in the central order book when it is entered, or an order that remains unmatched in the central order book;
"physically settled futures contract"	means a futures contract contemplated in part (a) of the definition of a "futures contract";
"position"	means either a long position or a short position;
"position risk requirement"	means the risk requirement in relation to the trading member's own positions in securities, as determined by the JSE;
"prescribed agreements"	means the agreements, the basic terms and formal requirements of which have been specified by the JSE;
"price"	means price, rate or yield as the context may require;
"principal"	means a trading member who has traded with a client or another trading member for its own account;
"product supplier"	has the same meaning as that contained in section 1 of the FAIS Act;

"option contract" amended with effect from 1 August 2005
"other investments" deleted with effect from 1 August 2005
"own funds" amended with effect from 1 August 2005
"passive order" introduced with effect from 29 April 2019
"physically settled futures contract" amended with effect from 1 August 2005
"position risk requirement" amended with effect from 1 August 2005
"principal assignment trade" deleted with effect from 29 April 2019

"professional client" in relation to a trading member, means –

(a) another authorised user;

(b) a bank;

(c) a long-term or short-term insurer registered as such under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998), respectively;

(d) a person outside the Republic who –

(i) as a regular feature of the person's business, renders a service similar to a "securities service" as defined in section 1 of the Act or conducts the business of a bank or a business referred to in paragraph (c); and

(ii) is registered, licensed, recognised, approved or otherwise authorised to render the service or conduct the business referred to in paragraph (d)(i) by a foreign regulator with functions similar to those of the Registrar, the Registrar of Banks or the Registrar of Long-term or Short-term Insurance;

(e) any person who is mandated to manage assets and who has confirmed to the satisfaction of the trading member that the market value of the assets managed by the person will exceed R1 billion at all times during the rendering of securities services to the person;

(f) any other client, who has confirmed to the satisfaction of the trading member that the person will have assets of which the net asset value will exceed R20 million at all times during the rendering of securities services to the person, but who is not –

(iii) a natural person;

(iv) a pension fund organisation as defined in section 1 (1) of the Pension Funds Act, 1956 (Act No. 24 of 1956);

(v) a friendly society referred to in the Friendly Societies Act, 1956 (Act No. 25 of 1956);

(vi) a medical scheme as defined in section 1(1) of the Medical Schemes Act, 1998 (Act No.131 of 1998).

"proprietary position" means a position registered by JSE Clear in the name of a trading member for the trading member's own account;

"put option contract" means a contract, in terms of which the holder of a long position in the put option contract has obtained the right to sell, and the holder of a short position shall, if the option is exercised, buy, the underlying instrument of the option contract to or from JSE Clear on or before the future date at the strike price in accordance with these rules and the contract specification of the option contract;

"registered officer" means a compliance officer, settlement officer, alternate settlement officer or a trader registered by the JSE as such in the name of the trading member;

"professional client" introduced with effect from 1 August 2005
"registered officer" amended with effect from 9 May 2011
"registered officer" amended with effect from 24 October 2016.

"registrar"	has the same meaning as that contained in section 1 of the Act;
"regulation"	has the same meaning as that contained in section 1 of the Act;
"related IRC securities"	means those IRC securities which the JSE decides have such characteristics in common that the risk of loss in one of the IRC securities may be reduced by an off-setting position in any of the other or a combination of the other IRC securities in the group of related IRC securities;
"Republic"	means the Republic of South Africa;
"repurchase transaction"	means a sale and repurchase transaction between two parties in terms of which one party agrees to buy bonds from the other party while simultaneously agreeing to sell the bonds back on an agreed future date at an agreed price;
"resident"	means a natural person who is resident in the common monetary area or a legal entity registered in such area, and includes a partnership or an external company;
"resident client"	means a resident who has concluded a client agreement with a trading member, and who has been registered by JSE Clear as a resident client of the trading member;
"retained margin"	means the margin paid by a client to a trading member for an intended transaction or margin due to a client which the trading member has retained in anticipation of a transaction as contemplated in rule 8.50.4;
"return date"	means the date on which a trading member or client returns equivalent bonds or the loaned funds to the Settlement Authority, as the context may require;
"risk disclosure statement"	means the risk disclosure statement annexed to the client agreement;
"rolling settlement"	means a settlement environment where transactions become due to be settled a prescribed number of days after the trade date;
"rolling of settlement"	means the process initiated by the Settlement Authority or, where applicable, JSE Clear, in terms of which the settlement date of a transaction in bonds is postponed to a later date as determined by the Settlement Authority, or JSE Clear, as the case may be;
"safeguarding"	has the same meaning as that contained in section 1 of the Act;

"registrar" introduced with effect from 25 April 2014
"regulation" amended with effect from 1 August 2005
"regulation" amended with effect from 25 April 2014
"reported transaction" deleted with effect from 29 April 2019
"Republic" introduced with effect from 1 August 2005
"repurchase transaction" introduced with effect from 9 May 2011
"resolution" deleted with effect from 1 August 2005
"rolling of settlement" introduced with effect from 9 May 2011
"SAFCOM" deleted and replaced with "JSE Clear" with effect from 25 April 2014
"SAFCOM agreement" deleted and replaced with "JSE Clear agreement" with effect from 25 April 2014
"safeguard" amended with effect from 1 August 2005
"safeguard" deleted with effect from 25 April 2014
"safeguarding" introduced with effect from 25 April 2014

"same day trade"	means a reported transaction that is due to settle on the same day that it is reported to the trading system;
"securities"	has the same meaning as that contained in section 1 of the Act;
"securities services"	has the same meaning as that contained in section 1 of the Act;
"sell"	means, in relation to IRC securities, to enter into either – (a) a sale of a futures contract in terms of which the seller is obliged to make delivery of the underlying instrument at the agreed price on the future date; or to pay an amount of money if, on the future date the price or value of the underlying instrument is greater than the agreed price; or (b) a sale of an option contract in terms of which the seller grants the right to the buyer to buy or sell the underlying instrument of the option contract at the agreed price on or before the future date; or (c) a sale of bonds in terms of which the seller is obliged to make delivery of the bonds and receive payment for such bonds at the agreed price on the settlement date;
"settle"	has the same meaning as that contained in section 1 of the Act;
"Settlement Authority"	means the person or persons appointed by the JSE to manage the settlement of non-cleared transactions in bonds effected through the JSE trading system in terms of these rules and directives and the central securities depository rules;
"settlement commitment"	means an electronic undertaking by a CSDP to settle a transaction in bonds for a trading member or a client;
"settlement date"	means in respect of a transaction in bonds, the date on which the transaction is due to be settled;
["settlement margin"	**means the amount of money determined by JSE Clear on the basis specified by the JSE and held in respect of bonds positions of a trading member or a client, for the purpose of providing for compensation payable in respect of a potential failed trade;]**
"settlement officer"	means the person appointed by each trading member in terms of rule 3.120.3;
"short position"	means a number of IRC securities registered by JSE Clear in the name of a trading member or client in terms of which – (a) in relation to futures contracts, the trading member or a client is obliged to make delivery of the underlying instrument on a future date at the agreed price or to pay an amount of money on a future date if the price or value of the underlying

'same day trading" introduced with effect from 17 July 2018
"securities" amended with effect from 1 August 2005
"securities services" introduced with effect from 1 August 2005
"Securities Services Act" deleted with effect from 1 August 2005
"settlement agent" deleted and replaced by CSDP with effect from 9 May 2011
"settle" introduced with effect from 25 April 2014
"Settlement Authority" amended with effect from 12 December 2025

	instrument on that future date is greater than the agreed price; or (b) in relation to option contracts, the trading member or client has granted the right to another person to buy or sell the underlying instrument of the option contract before or on the future date at the agreed price; or (c) in relation to bonds, the trading member or client is obliged to make delivery of, and receive payment for, the bonds on the settlement date at the agreed price;
"SRO Oversight Committee"	means the JSE Board sub-committee responsible for overseeing the issuer regulation and market regulation functions of the JSE;
"central securities depository rules"	means the rules made, and directives issued by the central securities depository, in terms of the Act;
"strike price"	means the price or yield at which the person in whose name a long position in an option contract is registered has the right to buy or sell the underlying instrument of the option contract;
"SWIFT"	means the Society for Worldwide Interbank Financial Telecommunication;
"SWIFT non-resident account notification"	means the notification, utilising the SWIFT network to the authorised bank, instructing the authorised bank to receive payment of interest into a non-resident account in the amount specified in the notification;
"the Registrar of Banks"	means the Registrar of Banks designated under section 4 of the Banks Act, 1990 (Act No. 94 of 1990);
"these rules"	means the JSE interest rate and currency rules issued in pursuance of section 17 of the Act, including any alteration, addition or amendment thereof;
["top-up margin"	**means the amount of margin payable as a result of an adverse mark-to-market of unsettled positions in bonds executed on the central order book or negotiated off book and reported to the JSE trading system and accepted by the respective clearing members as an off book transaction for risk management purposes;]**

"STRATE" deleted with effect from 12 December 2025
"STRATE rules" amended with effect from 1 August 2005
"STRATE rules" changed to "central securities depository rules" with effect from 12 December 2025
"STRATE settled bonds" deleted with effect from 9 May 2011
"SRO Oversight Committee" introduced with effect from 25 April 2014
"SWIFT emigrant's blocked account notification" deleted with effect from 22 October 2021
"SWIFT non-resident account notification" amended with effect from 9 May 2011

"the Registrar" amended with effect from 1 August 2005
"the Registrar" deleted with effect from 25 April 2014
"these rules" introduced with effect from 9 May 2011
"these rules" amended with effect from 25 April 2014
"top-up margin" amended with effect from 9 May 2011
"top up margin" amended with effect from 29 April 2019
"trade" introduced effect from 29 April 2019

"trade"	means to buy or to sell JSE listed securities whether on book or negotiated off book and reported to the JSE trading system;
"trader"	means an employee of a trading member authorised by the JSE and who is registered by such trading member in terms of these rules to trade either for the trading member's own account or on behalf of clients, or for both;
"trading member"	means an authorised user of the JSE, authorised to trade in IRC securities and to provide services in respect of the buying and selling of IRC securities in terms of these rules;
"transaction"	has the same meaning as that contained in section 1 of the Act;
"trustees"	means the trustees of one or both of the Compensation Funds, as the context may require;
"uncertificated securities "	has the same meaning as that contained in section 1 of the Act;
"underlying instrument"	means the corporeal or incorporeal thing, asset, index, currency, rate of interest or any other factor which is the subject matter of a futures contract or an option contract, or the futures contract that is the subject matter of an option contract;
"unsolicited call"	means any first communication made to a person by a trading member or an employee of a trading member, without an express or tacit invitation from such person;
"variation margin"	means the amount of margin payable as a result of the marking-to-market of positions in futures and option contracts or cleared bonds;
"Yield-X"	means a market in interest rate and currency securities operated by the JSE prior to the effective date of the integration of the JSE's interest rate and currency markets;

2.20 Interpretation

2.20.1 In these rules, unless otherwise clearly indicated by, or inconsistent with the context –

2.20.1.1 a reference to one gender includes a reference to all other genders;
2.20.1.2 the singular includes the plural, and *vice versa*;

"trading member" amended with effect from 1 August 2005
"trading member" amended with effect from 9 May 2011 and 1 January 2023
"transaction" amended with effect from 1 August 2005
"trustees" introduced with effect from 1 August 2005
"trustees" amended with effect from 9 May 2011
"uncertificated financial instruments" deleted with effect from 1 August 2005
"unsolicited call" introduced with effect from 1 August 2005
"Yield-X rules" deleted with effect from 9 May 2011
"Yield-X lending and borrowing system" deleted with effect from 9 May 2011
"Yield-X securities" deleted with effect from 9 May 2011
"Yield-X trading system" deleted with effect from 9 May 2011
"Yield-X" amended with effect from 9 May 2011
2.20.2 deleted with effect from 1 August 2005

2.20.1.3 all terms defined in the Act bear the same meaning as are assigned to them in the Act.

SECTION 3

Section 3: Membership

Scope of section

General

3.10 Membership of the JSE
3.20 Categories of membership
3.30 General requirements
3.35 Specific requirements applicable to inter-dealer brokers
3.40 Capital adequacy requirements
3.50 Applications for membership
3.60 Reserved
3.70 Voluntary changes to, or termination of, membership
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3.90 Duty to furnish information
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Registered officers

3.120 Trading member's obligation to ensure registration of officers
3.130 Registration and termination of officers by the JSE
3.140 Trading member remains responsible
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3.160 Reserved

Membership

3.10 Membership of the JSE

3.10.1 In order to qualify to be a trading member, an applicant must comply with the requirements set out in this rule and such other requirements as the JSE may determine.

3.10.2 The JSE shall keep a register of trading members and shall in such register indicate in which category or sub-category of authorised user the trading member has been authorised to operate.

3.20 Categories of membership

3.20.1 A trading member may only enter into a clearing agreement with one clearing member to perform the clearing and settlement of the transactions of that trading member.

3.20.2 A trading member –

3.20.2.1 may be a clearing member; and

3.20.2.2 may trade for and on behalf of clients.

3.20.3 An IDB-

3.20.3.1 is a sub-category of trading member that is subject to the rules pertaining to IDBs; and

3.20.3.2 may not be a clearing member.

3.20.4 In authorising an IRC trading member to provide securities services, the JSE may impose restrictions or conditions on the IRC trading member in relation to the particular securities services that the IRC trading member is authorised to provide or the particular IRC securities for which the IRC trading member is authorised to provide securities services, or both.

3.30 General requirements

3.30.1 A trading member must, in the opinion of the JSE and at all times, be managed and controlled by persons with a good reputation and high business standing.

3.30.2 Officers of trading members shall, subject to any waiver by the JSE –

3.30.2.1 be of full legal capacity;

3.30.2.2 comply with such criteria of good character and high business integrity as the JSE deems fit;

3.30.2.3 not be an unrehabilitated insolvent; and

3.30.2.4 not in the period preceding the application as the JSE in its discretion deems fit, have been –

3.30.2.4.1 convicted of an activity constituting a criminal offence involving fraud, theft, dishonesty or market abuse, whether in the Republic or elsewhere;

3.10.1 amended with effect from 1 July 2005
3.10.2 amended with effect from 1 July 2005
3.10.2 amended with effect from 1 August 2005
3.20 amended with effect from 1 August 2005
Old 3.20.1 deleted with effect from 1 January 2023
Old 3.20.2 to 3.20.5 renumbered to 3.20.1 to 3.20.4 respectively with effect from 1 January 2023
3.20.2 amended with effect from 1 August 2005
3.20.3 amended with effect from 1 August 2005
3.20.4 deleted with effect from 1 August 2005
3.20.3.2 amended with effect from 9 May 2011
3.20.4 introduced with effect from 9 May 2011
3.20.5 introduced with effect from 9 May 2011
3.30.2.2 amended with effect from 1 August 2005
3.30.2.4 amended with effect from 25 April 2014
3.30.2.4.1 amended with effect from 1 August 2005

3.30.2.4.2 held civilly or administratively liable for, inter alia, fraud, theft, dishonesty or market abuse, whether in the Republic or elsewhere;

3.30.2.4.3 declared to have contravened legislation in respect of market abuse, money laundering or terrorist or related activity, with or without the imposition of an administrative penalty, whether in the Republic or elsewhere;

3.30.2.4.4 disqualified by a court from acting as a director of a company;

3.30.2.4.5 the subject of a formal investigation by any regulatory or government agency;

3.30.2.4.6 expelled, whether as a trading member or otherwise, from any exchange or external exchange;

3.30.2.4.7 employed by or associated with a trading member of any exchange or external exchange, which trading member was expelled from that exchange and where the person or officer has, in the opinion of the JSE, contributed to the circumstances leading to the expulsion;

3.30.2.4.8 declared a defaulting trading member of the JSE or any other exchange or external exchange;

3.30.2.4.9 refused entry to or expelled from any profession or vocation or been dismissed or requested to resign from any office or employment, or from any fiduciary office or position of trust; or

3.30.2.4.10 refused approval to operate as a financial services provider in terms of the FAIS Act or any other act.

3.30.3 Any waiver by the JSE in terms of rule 3.30.2 may be for a limited period and may be withdrawn at any time: Provided the JSE gives the trading member one calendar months' notice of its intention to withdraw such waiver.

3.30.4 All trading members shall at all times have and maintain the necessary procedures, administrative and other systems, facilities, resources and expertise to ensure –

3.30.4.1 the effective performance of the regulated services that they provide;

3.30.4.2 compliance with the Act and the rules and directives that are relevant to the performance of such regulated services;

3.30.4.3 compliance with the Financial Intelligence Centre Act;

3.30.2.4.1 amended with effect from 25 April 2014
3.30.2.4.2 renumbered 3.20.2.4.5 with effect from 25 April 2014
3.30.2.4.2 introduced with effect from 25 April 2014
3.30.2.4.3 amended with effect from 1 August 2005
3.30.2.4.3 renumbered 3.20.2.4.6 with effect from 25 April 2014
3.30.2.4.3 introduced with effect from 25 April 2014
3.30.2.4.4 amended with effect from 1 August 2005
3.30.2.4.4 renumbered 3.20.2.4.7 with effect from 25 April 2014
3.20.4.2.4 introduced from 25 April 2014
3.30.2.4.5 amended with effect from 1 August 2005
3.30.2.4.7 amended with effect from 1 August 2005
3.20.2.4.5 renumbered 3.20.2.4.8 with effect from 25 April 2014
3.20.2.4.6 renumbered 3.20.2.4.9 with effect from 25 April 2014
3.20.2.4.7 renumbered 3.20.2.4.10 with effect from 25 April 2014
3.30.4 amended with effect from 25 April 2014
3.30.4.1 renumbered 3.30.4.4 with effect from 25 April 2014
3.30.4.1 introduced with effect from 25 April 2014

3.30.4.4 that the management of their own and/or clients' funds is adequate and in accordance with the rules relating to the management or separation of funds;

3.30.4.5 that an accurate record of their own and/or clients' positions is kept at all times;

3.30.4.6 that where a trading member transacts for or on behalf of clients, their clients' transactions, cash balances and any other information relating to their positions are timeously reported to the clients; and

3.30.4.7 that they comply with all the financial resources requirements pertaining to the relevant category of authorised user as prescribed in these rules.

3.30.5 A trading member that intends to enter into transactions which will be cleared by JSE Clear in terms of section 8 of these rules must have appointed a clearing member or have been authorised as a clearing member.

3.30.6 A trading member that intends to enter into transactions in bonds on the JSE trading system must have appointed a CSDP.

3.35 Specific requirements applicable to inter-dealer brokers

A trading member authorised to operate as an IDB in terms of these rules shall meet the following requirements in order to maintain its status as an IDB-

3.35.1 its business activities in the JSE listed bonds must be limited to arranging transactions between two counterparties on a name give-up basis or trading with or on behalf of two other parties on a matched principal basis;

3.35.2 when transacting in bonds with or on behalf of other trading members or clients on a matched principal basis, it may not take a proprietary position against the other trading member or the client; and

3.35.3 it must, on request from any trading member with or on whose behalf it is going to trade in bonds as a matched principal, provide the list of clients who may be the opposite counterparties to such transactions.

3.40 Capital adequacy requirements

3.40.1 Subject to rules 3.40.3, 3.40.4, 3.40.5 and 3.40.8, trading member shall at all times have own funds equal to the greater of –

3.40.1.1 the initial capital referred to in rule 3.40.6 or 3.40.7 as the case may be; or

3.40.1.2 thirteen weeks fixed operating costs; plus

3.40.1.3 the position risk requirement; and

3.40.1.4 the counterparty risk requirement; and

3.40.1.5 the large exposure risk requirement; and

3.40.1.6 the foreign exchange risk requirement;

such that the following formula is satisfied –

3.40.1.7 $ONF \geq CAR$

3.30.4.2 renumbered 3.30.4.5 with effect from 25 April 2014
3.30.4.2 introduced with effect from 25 April 2014
3.30.4.3 renumbered 3.30.4.6 with effect from 25 April 2014
3.30.4.3 introduced with effect from 25 April 2014
3.30.4.4 amended with effect from 1 August 2005
3.30.4.4 renumbered 3.30.4.7 with effect from 25 April 2014
3.30.5 introduced with effect from 9 May 2011
3.30.6 introduced with effect from 9 May 2011
3.35 introduced with effect from 9 May 2011
3.40.1 amended with effect from 26 April 2007
3.40.1.1 amended with effect from 26 April 2007

and

CAR	=	(greater of ICR or AOC/4) + PRR + CRR + FXR + LPR

where

ONF	=	Own funds
CAR	=	Capital adequacy requirement
ICR	=	Initial capital requirement
AOC	=	Annual operating costs
PRR	=	Position risk requirement
CRR	=	Counterparty risk requirement
FXR	=	Foreign exchange risk requirement
LPR	=	Large position risk requirement

3.40.2 The following provisions shall apply to a trading member that is an external company, other than a branch of a foreign bank –

3.40.2.1 the own funds of the local branch of the external company shall at all times be equal to or greater than the amount provided for in rule 3.40.1.2, 3.40.6, 3.40.7 or 3.40.8, as the case may be;

3.40.2.2 the foreign parent of the local branch of the external company shall in writing confirm to the JSE that it is required to comply with capital adequacy requirements similar to those in the Republic, and that they are reporting such as required to an appropriate foreign regulator; and

3.40.2.3 the thirteen weeks fixed operating costs requirement in rule 3.40.1.2 shall relate to the operating costs of the local branch of the external company in the Republic.

3.40.3 A trading member that is a branch of a foreign bank, and is exempt from the requirement to submit monthly capital adequacy returns to the Director: Market Regulation, in terms of rule 3.90.5, is not required to comply with the requirements of rule 3.40.1 but is instead required to comply with the capital adequacy requirements as prescribed by the Banks Act, 1990 (Act No. 94 of 1990) and the regulations made under that Act.

3.40.4 A trading member that does not trade in bonds and that trades in derivative instruments listed on the JSE solely for its own account, and is exempt from the requirement to submit monthly capital adequacy returns to the Director: Market Regulation, in terms of rule 3.90.5, is not required to comply with the requirements of rule 3.40.1 but shall ensure that its assets (excluding goodwill and other intangible assets) exceed its liabilities (excluding loans validly subordinated in favour of all other creditors).

3.40.5 A trading member that is an authorised user of another exchange and is exempt from the requirement to submit monthly capital adequacy returns to the Director: Market Regulation, in terms of rule 3.90.6, is not required to comply with the requirements of rule 3.40.1 but shall comply with the capital adequacy requirements as prescribed by such other exchange.

3.40.6 A trading member who trades on behalf of clients but does not receive a client's margins or hold the client's margins or who does not receive any other assets of a client with respect to the client's buying

3.40.2 amended with effect from 26 April 2007
3.40.2.1 amended with effect from 26 April 2007
3.40.2.2 amended with effect from 26 April 2007
3.40.2.3 amended with effect from 26 April 2007
3.40.2.4 deleted with effect from 26 April 2007
3.40.3 replaced with effect from 26 April 2007
3.40.4 introduced with effect from 26 April 2007 and amended with effect from 9 May 2011
3.40.5 introduced with effect from 26 April 2007

and selling of JSE authorised investments, shall have an initial capital of at least R200 000 or such other minimum amount that the JSE may decide.

3.40.7 A trading member who receives a client's margins or holds the clients' margins, or that receives any other assets of a client with respect to the client's buying and selling of JSE authorised investments, shall have an initial capital of at least R400 000, or such other minimum amount that the JSE may decide.

3.40.8 The JSE may suspend a trading member if there is a deficiency in the capital adequacy of the trading member.

3.50 Application for membership

3.50.1 An application for membership shall be made to the JSE in the manner and in the form prescribed by the JSE and shall indicate in what category or categories of membership the applicant wishes to apply. The application must be accompanied by any application fee prescribed by the JSE.

3.50.2 Applicants shall include a signed copy of –

3.50.2.1 the memorandum and articles of association of the company;

3.50.2.2 a copy of any agreement entered into or proposed to be entered into between the shareholders of the company relative to the shares thereof; and

3.50.2.3 any other information as the JSE may require.

The provisions of this rule shall apply *mutatis mutandis* to the amendment or substitution of the aforementioned documents.

3.50.3 The applicant shall include with its application, the following information:

3.50.3.1 the applications for registration as registered officers of the applicant;

3.50.3.2 the most recent financial statements of the applicant as well as a completed capital adequacy return;

3.50.3.3 the details of the applicant's auditor; and

3.50.3.4 a completed clearing agreement, in the case of a trading member application where the applicant intends to execute transactions in IRC securities on the central order book or execute off book transactions that will require risk management by a clearing member.

3.50.4 An external company shall, when submitting its application for membership, submit proof of compliance with the requirements of Section 23 of the Companies Act, by furnishing the JSE with the certificate of registration as provided for in section 14(1)(b)(iii) of the Companies Act.

3.50.5 Notwithstanding any provision in these rules and directives, the JSE may require the applicant to furnish further information, and may institute any investigation that it deems necessary, to verify information submitted by the applicant in support of an application. Such investigation may include without limitation, a request for the applicant or one or more representatives of the applicant, to be interviewed by the Membership Committee or any person appointed by the JSE for that purpose.

3.40.8 renumbered 3.40.10 and amended with effect from 26 April 2007
Old 3.40.8 and 3.40.9 deleted with effect from 1 January 2023
New 3.40.9 introduced with effect from the 11 March 2013
Old 3.40.10 renumbered to 3.40.j8 with effect from 1 January 2023
3.50.1 amended with effect from 1 August 2005 and with effect from 9 May 2011
3.50.1 amended with effect from 9 May 2011
3.50.3.4 amended with effect from 9 May 2011 and 1 January 2023
3.50.4 amended with effect from 1 August 2005
3.50.4 amended with effect from 25 April 2014
3.50.5 amended with effect from 28 April 2017
3.50.6 amended with effect from 28 April 2017

3.50.6 The Membership Committee shall have the sole discretion to accept or reject the application, or to accept an application subject to certain conditions to be fulfilled as determined by the JSE: Provided that the JSE shall reach a decision within 60 (sixty) days of the first meeting at which the application was considered.

3.50.7 The JSE shall notify the applicant in writing of the decision of the Membership Committee and of any restrictions that will be applicable to its business activities as an IRC trading member, and any conditions that are required to be fulfilled.

3.50.8 Any person aggrieved by the decision of the JSE to reject an application, shall have a right of appeal to the board of appeal in terms of the Act.

3.50.9 If an application for membership has been refused, and the applicant did not exercise its right of appeal or if the appeal is unsuccessful, such applicant may not re-apply for membership for a period of 1 (one) year from the date of refusal, or such shorter period as the JSE may determine.

3.50.10 The Membership Committee may refuse any applicant approval of membership, if it deems the name under which the applicant proposes to operate, to be inappropriate or unacceptable for any reason.

3.50.11 The JSE shall notify all trading members of the admission of a new trading member.

3.50.12 Upon approval of the application of the trading member, such trading member shall obtain membership and the status in such sub-category or categories of authorised user as determined by the JSE.

3.60 Reserved

3.70 Voluntary changes to, or termination of, membership

3.70.1 A trading member may apply to terminate its membership by giving 30 days written notice to the JSE.

3.70.2 The Membership Committee may accept the termination unconditionally or subject to such conditions as it may deem fit, or may refuse to accept the termination until it is satisfied that all outstanding contractual or other obligations of the trading member have been met.

3.70.3 If a trading member wishes to change its authorised user status or wishes to obtain authorisation to operate in another sub-category of authorised user, the provisions of rule 3.50 shall apply *mutatis mutandis*.

3.70.4 A trading member undergoing any of the changes in name or corporate structure as set out below shall forthwith inform the JSE in writing of the change –

3.70.4.1 in the case of a company changing its name, the notification shall be accompanied by the relevant certificate of name change;

3.70.4.2 in the event that a trading member's business or infrastructure relating to trading in IRC securities, is transferred to another legal entity in any manner, including but not limited to a merger, take-over, transfer of business or corporate restructuring, the trading member shall inform the JSE of the change at least one month before it takes effect, and the notification shall be accompanied by such information as would be required in the case of a new application for membership: Provided that the JSE may, at its discretion, request full particulars regarding the change and the reasons

3.50.7 amended with effect from 9 May 2011
3.50.7 amended with effect from 28 April 2017
3.50.8 amended with effect from 1 August 2005
3.50.10 amended with effect from 28 April 2017
3.50.12 introduced with effect from 1 July 2005
3.50.12 amended with effect from 1 August 2005
3.60 deleted with effect from 1 July 2005
3.70.1 amended with effect from 1 August 2005
3.70.2 amended with effect from 28 April 2017
3.70.3 amended with effect from 1 August 2005

therefore, and provided further that the JSE may determine that a new application for membership must be made.

The JSE shall notify trading members of the termination of or change in membership, and the termination shall become effective on the date and time of the notice, unless stated otherwise in the notice.

3.80 Involuntary termination of membership

3.80.1 The Membership Committee may provisionally or finally terminate membership if –

3.80.1.1 a trading member is placed in liquidation, whether provisional or final, or under business rescue proceedings or any other judicial proceeding or court application for an insolvency proceeding is initiated, or the company files a resolution to such effect or has an insolvency administrator appointed to it;

3.80.1.2 the trading member compromises or attempts to compromise with its creditors;

3.80.1.3 the trading member fails to satisfy or to initiate steps to set aside a judgement, award or determination against it within the time periods provided for in the rules of the relevant body;

3.80.1.4 the Disciplinary Committee has decided in terms of rule 4.60 that membership should be terminated;

3.80.1.5 the trading member defaults;

3.80.1.6 Reserved;

3.80.1.7 a trading member fails to enter into a clearing agreement with a clearing member within 30 days or such other period which the JSE may determine after the termination for whatever reason of its clearing agreement with a clearing member; or

3.80.1.8 the controlling body has resolved to terminate the membership of the trading member after taking into account the trading member's representations in this regard.

3.80.2 The JSE must notify the trading member in writing of the decision of the Membership Committee to finally terminate the membership of a trading member.

3.80.3 A trading member aggrieved by a decision of the JSE to finally terminate its membership may appeal to the appeal board in terms of section 105(1) of the Act.

3.90 Duty to furnish information

3.90.1 A trading member shall forthwith advise the JSE in writing of –

3.90.1.1 the granting of an application for, or the revocation of, or the recognition under any statutory enactment of any registration, authorisation or licence which may bear upon or be associated with its business as a trading member of the JSE;

3.90.1.2 any of the circumstances referred to in rule 3.80.1.1 arising;

3.90.1.3 conviction of the trading member or any of its officers of any offence under legislation relating to banking, or other financial services, companies, insolvency, insurance and pension and provident societies or of any offence involving fraud or dishonesty;

3.90.1.4 any person becoming or ceasing to be a director of the trading member;

3.70.4.2 amended with effect from 1 August 2005
3.80.1 and 3.80.2 amended with effect from 28 April 2017
3.80.3 introduced with effect from 28 April 2017
3.80.1.1 amended with effect from 25 April 2014
3.80.1.6 deleted with effect from 1 July 2005
3.901.2 renumbered 3.90.1.3 with effect from 25 April 2014
3.90.1.2 introduced with effect from 25 April 2014
3.90.1.2 renumbered 3.90.1.3 with effect from 25 April 2014

3.90.1.5 any change in the name or address of any office of the trading member, and of any change in the trading member's telephone or facsimile numbers or electronic mailing addresses;

3.90.1.6 any change in the particulars relating to an officer, and of the event that any officer is found guilty of any improper conduct by any licensed exchange, a previous or current employer, a professional association or a court of law; or

3.90.1.7 the dismissal of an employee for committing or attempting to commit an act which is dishonest, fraudulent, dishonourable or disgraceful.

3.90.2 A trading member shall in addition inform the JSE in writing –

3.90.2.1 of any person holding, or having a beneficial interest in, 20% or more of any class of the share capital of a trading member and of any change in such holding;

3.90.2.2 if it or any employee thereof holds, or has a beneficial interest in, any class of the share capital of a client that is a company or in the membership interest of a client that is a close corporation.

3.90.3 A trading member shall submit to the Director: Market Regulation within three months after the end of its financial year, a copy of its audited annual financial statements, and the audit report prescribed by the Act, in respect of such period.

3.90.4 Subject to rules 3.90.5 and 3.90.6, a trading member shall submit the prescribed monthly capital adequacy return monthly to the Director: Market Regulation within ten business days of the end of the month or within such other period that the JSE may require: Provided that the trading member shall at all times comply with the capital adequacy requirements referred to in these rules, and provided further that the JSE may suspend a trading member from trading, if the return is not submitted timeously.

3.90.5 A trading member that–

3.90.5.1 is a bank;

3.90.5.2 is a branch of a foreign bank;

3.90.5.3 does not trade in bonds and that trades in derivative instruments listed on the JSE solely for its own account; or

3.90.5.4 is a state owned entity,

shall be exempt from the requirement to submit the monthly capital adequacy return referred to in rule 3.90.4, provided the trading member has advised the JSE, in writing, that it meets the requirements of rule 3.90.5.1, 3.90.5.2, 3.90.5.3 or 3.90.5.4.

3.90.6 A trading member that is an authorised user of another exchange may apply in writing to the Director: Market Regulation for exemption from the requirement to submit the monthly capital adequacy return referred to in rule 3.90.4 provided the capital requirements of the other exchange are, in the opinion

3.90.1.3 renumbered 3.90.1.4 with effect from 25 April 2014
3.90.1.4 renumbered 3.90.1.5 with effect from 25 April 2014
3.90.1.5 renumbered 3.90.1.6 with effect from 25 April 2014
3.90.1.6 renumbered 3.90.1.7 with effect from 25 April 2014
3.90.2.2 amended with effect from 1 August 2005
3.90.3 amended with effect from 26 April 2007
3.90.4 amended with effect from 26 April 2007
3.90.5 replaced with effect from 26 April 2007
3.90.5.1 to 3.90.5.3 introduced with effect from 26 April 2007
3.90.5.3 amended with effect from 9 May 2011
3.90.5.4 introduced with effect from 9 May 2011
9.90.5.4 amended with effect from 9 May 2011
3.90.6 introduced with effect from 26 April 2007

of the Director: Market Regulation, similar to those imposed by the JSE and the trading member is required to submit a return to the other exchange.

3.90.7 In considering an application for an exemption in terms of rule 3.90.6, the Director: Market Regulation will take into account the relative activity undertaken by the trading member on the JSE and the other exchange in order to determine whether it is preferable for the other exchange to act as the lead regulator in relation to the supervision of compliance with capital adequacy requirements by the trading member.

3.90.8 If a trading member is granted an exemption in terms of rule 3.90.6, the trading member may be required at any time to submit, to the Director: Market Regulation, a copy of any capital adequacy return submitted to the other exchange.

3.90.9 Despite the fact that a trading member may be exempt from submitting monthly capital adequacy returns to the Director: Market Regulation, in terms of rules 3.90.5 or 3.90.6, the trading member is required to advise the Director: Market Regulation, in writing, as soon as it becomes aware that it has failed to meet the relevant capital adequacy requirements set out in rules 3.40.3 to 3.40.5.

3.100 Fees, levies and charges

3.100.1 A trading member which uses the services of the JSE shall pay to the JSE such subscription fees and charges as may be prescribed by the JSE.

3.100.2 The JSE may, in addition to the subscriptions, fees and charges prescribed by these rules, impose upon every trading member a levy which shall be paid to the JSE or any of its Compensation Funds on such conditions as the JSE may decide. Such levy may be recovered from the clients of the trading member.

3.100.3 Any subscription, fee, charge, contribution or levy to be paid or which may be imposed in terms of these rules, shall be paid as determined by the JSE and any trading member failing to make such payment when due shall, unless the same be paid within one month after written demand has been made by the JSE, cease to be a trading member.

3.110 Notices

3.110.1 Notice to the JSE by trading members

Every trading member shall notify the JSE of a business and postal address, and a secured electronic delivery mechanism address at which that trading member shall accept the delivery of all notices issued by the JSE in terms of these rules.

3.110.2 Notice to trading members

3.110.2.1 Any notice given by the JSE in terms of these rules and directives shall be in writing.

3.110.2.2 A notice may be delivered by means of an electronic delivery mechanism or by hand or by registered post.

3.110.2.3 Any notice delivered by the JSE by hand before 16h00 on a business day at the physical address of the trading member, shall be deemed, unless the contrary is proved, to have been received on the date of delivery.

3.110.2.4 Any notice transmitted by an electronic delivery mechanism before 16h00 on a business day, shall be deemed, unless the contrary is proved, to have been received on the date of the transmission.

3.110.2.5 Any notice delivered by the JSE by registered post shall be deemed, unless the contrary is proved, to have been received within seven business days after being dispatched.

3.90.7 introduced with effect from 26 April 2007
3.90.8 introduced with effect from 26 April 2007
3.90.9 introduced with effect from 26 April 2007
3.100.2 amended with effect from 9 May 2011

Registered officers

3.120 Trading member's obligation to ensure registration of officers

3.120.1 Each trading member must ensure the registration by the JSE of a compliance officer, a settlement officer and an alternate settlement officer.

3.120.2 A compliance officer shall –

3.120.2.1 without relieving the trading member from its responsibility to comply with the provisions of the Act and these rules, be responsible for ensuring compliance by that trading member with the provisions of the Act and these rules;

3.120.2.2 have obtained such qualification as may be required by the JSE;

3.120.2.3 in the event of any breach of these rules or problem or query arising in respect of any transaction or alleged transaction or position of the trading member or any of its clients immediately on the request of the JSE or JSE Clear or its clearing member, take such steps as may be necessary to rectify the breach or to eliminate the problem or to satisfy the query;

3.120.2.4 receive all notices to the trading member from the JSE or JSE Clear or the clearing member and be responsible to ensure that all such notices are complied with; and

3.120.2.5 ensure compliance with all prescribed agreements set out in the directives to these rules.

3.120.3 A settlement officer must –

3.120.3.1 have obtained such qualification as may be required by the JSE;

3.120.3.2 deal with all queries by the JSE in relation to settlement;

3.120.3.3 ensure that all transactions are settled in terms of these rules and directives;

3.120.3.4 advise the JSE of any issue that may potentially impact on the settlement of a transaction; and

3.120.3.5 cooperate with the Settlement Authority to ensure the efficient and timeous settlement of all transactions.

3.120.4 An alternate settlement officer must –

3.120.4.1 have obtained such qualification as may be required by the JSE;

3.120.4.2 in the absence of the settlement officer deal with all queries by the JSE in relation to settlement;

3.120.4.3 in the absence of the settlement officer ensure that all transactions are settled in terms of these rules and directives;

3.120.4.4 in the absence of the settlement officer advise the JSE of any issue that may potentially impact on the settlement of a transaction; and

3.120.4.5 in the absence of the settlement officer cooperate with the Settlement Authority to ensure the efficient and timeous settlement of all transactions.

3.120.5 A trading member shall not carry on business for more than two months in any continuous period of twelve months unless such trading member has registered a compliance officer, a settlement officer and an alternate settlement officer in terms of rule 3.120.1: Provided that in the absence of a duly appointed compliance or settlement officer or alternate settlement officer, or where the post has become vacant, a senior director shall temporarily assume the responsibility of the compliance or

3.120.1 amended with effect from 1 August 2005 and with effect from 9 May 2011
3.120.2.3 amended with effect from 1 January 2023
3.120.4 introduced with effect from 9 May 2011
3.120.4 renumbered 3.120.5 with effect from 9 May 2011

settlement or alternate settlement officer as referred to in rule 3.120.2, rule 3.120.3 and rule 3.120.4 respectively, for no longer than 2 months.

3.120.6 A trading member shall ensure the registration by the JSE of traders who shall be the only persons entitled to trade for a trading member's own account and for and on behalf of clients and who shall have obtained such qualification that may be required by the JSE. A trading member may not trade without having at least one trader present at the trading member's place of business unless the JSE has in writing granted temporary registration to a person nominated in writing by the trading member to trade for a period not exceeding 15 business days in the absence of such trader. The JSE shall publish the name of such nominee in a notice to trading members.

3.130 Registration of officers by the JSE

3.130.1 An application for registration as a registered officer shall be made to the JSE in the manner and on the form prescribed by the JSE.

3.130.2 A person who seeks to be registered with the JSE as a registered officer must satisfy the general requirements of rule 3.30.2 and must have obtained a pass in the relevant qualifications, as prescribed in the interest rate and currency derivatives directives.

3.130.3 A trading member shall notify the JSE in writing of its decision to terminate the registration of a registered officer in its name, in which event the JSE may request full details of the circumstances of the termination.

3.130.4 The registration or termination of the registration of a registered officer in the name of a trading member **[in a office]** shall become effective on the date stipulated in the written notification to the trading member by the JSE, confirming the registration or termination of registration of the registered officer.

3.140 Trading member remains responsible

The appointment or registration of any registered officer referred to in rules 3.120 and 3.130 shall not in any way relieve a trading member from any of its duties and responsibilities in terms of the Act and these rules, and the trading member's liability to fulfil those duties and responsibilities shall remain a principal liability and shall not be accessory or subordinate to the liabilities of such officer.

3.150 Reserved

3.160 Reserved

3.120.5 renumbered 3.120.6 with effect from 9 May 2011
3.120.6 deleted with effect from 1 August 2005
3.120.6 amended with effect from 24 October 2016.
3.130.1 amended with effect from 24 October 2016.
3.130.2 introduced with effect from 24 October 2016.
3.130.3 deleted with effect from 24 October 2016.
3.130.4 deleted with effect from 24 October 2016.
3.130.5 deleted with effect from 24 October 2016.
3.130.6 renumbered 3.130.3 with effect from 24 October 2016.
3.130.7 renumbered 3.130.4 and amended with effect from 24 October 2016
3.130.7 amended with effect from 9 May 2011
3.160 deleted with effect from 9 May 2011

SECTION 4

Section 4: Disciplinary Matters

Scope of section

4.10 Surveillance and investigation by the JSE's Market Regulation Division

4.15 Reporting and assistance by the JSE Market Regulation Division - Financial Intelligence Centre Act

4.20 Use of information obtained by the JSE's Market Regulation Division

4.30 Improper conduct

4.40 Disciplinary procedures

4.50 Procedure and evidence

4.60 Penalties

4.70 Urgent issues

4.80 Open transactions and positions

4.90 JSE's powers of publication

4.10 Surveillance and investigation by the JSE's Market Regulation Division

4.10.1 Surveillance

The JSE's Market Regulation Division may set up and maintain systems for-

4.10.1.1 monitoring compliance by trading members with the Act, the rules and directives;

4.10.1.2 the surveillance of any matter relevant for the objectives of the Act and these rules and directives; and

4.10.1.3 supervising compliance by the interest rate trading members with the Financial Intelligence Centre Act.

4.10.2 Investigation

The Director: Market Regulation, and any other person designated by him, may –

4.10.2.1 investigate any JSE related activities of any person who at the relevant time was a director, employee or officer of a trading member;

4.10.2.2 investigate whether that trading member or any of its employees complies with the Act, these rules, directives and the Financial Intelligence Centre Act;

4.10.2.3 investigate whether the trading member is trading in such a manner that there is a danger that such trading member may not be able to meet its commitments to clients, other trading members or JSE Clear;

4.10.2.4 investigate whether a trading member is conducting its business in a manner which could be detrimental to the interest, good name or welfare of the JSE or its trading members; and

4.10.2.5 require any person who is subject to the jurisdiction of the JSE and who is believed to be able to furnish any information on the subject of any investigation or to have in his or her possession or under his or her control any book, document, tape or electronic record or other object which has a bearing on the subject of the investigation, to produce such book, document, tape or electronic record or other object or to appear at a time and place specified, to be questioned by the Director: Market Regulation, to furnish such information or to produce such book, document, tape, electronic record or other object: Provided that the subject of the investigation has first been put to such person. Such person may, if he or she is not an executive director of the trading member, request to be assisted by an executive director of the trading member by which the person is employed.

4.10.3 The Director: Market Regulation may delegate the power granted to him by rule 4.10.2 to any trading member the Market Regulation Division.

4.10.4 Referral to another authority

If the JSE's Market Regulation Division become aware of any possible contravention of law by a person over whom the JSE does not have jurisdiction, the JSE's Market Regulation Division may refer such matter to the appropriate authority, whether outside or within the Republic.

4.15 Reporting and assistance by the JSE Market Regulation Division - Financial Intelligence Centre Act

The Director: Market Regulation will report to the Registrar any non-compliance by a trading member or its employees with the duties imposed on the trading member and its employees in terms of the Financial Intelligence Centre Act if the Director: Market Regulation becomes aware of such non-compliance through the surveillance and investigation procedures undertaken in terms of rule 4.10. The JSE Market Regulation Division will also assist the

4.10.1.1 amended with effect from 1 January 2023
4.10.1.3 amended with effect from 25 April 2014
4.10.1.2 amended with effect from 1 August 2005
4.10.2.2 amended with effect from 1 August 2005
4.10.3 amended with effect from 28 April 2017

Registrar in any enforcement action that may be taken by the Registrar against a trading member or its employees in relation to non-compliance with the Financial Intelligence Centre Act.

4.20 Use of information obtained by the JSE's Market Regulation Division

Any information, document, book, tape or electronic record or other object obtained by the JSE's Market Regulation Division, whether by investigation or otherwise, may be used in evidence in any disciplinary proceedings contemplated in rule 4.40 and may be furnished by the JSE's Market Regulation Division to any other body which may have jurisdiction over the matter under consideration, whether outside or within the Republic.

4.30 Improper conduct

The following acts and practices whether of commission or omission, on the part of any person who at the time of the alleged act or practice was a member, a director, employee or registered officer of a trading member shall constitute improper conduct: Provided that the acts and practices so specified are not intended to be a complete list of acts and practices which may constitute improper conduct –

4.30.1 committing or attempting to commit any act which is dishonest or fraudulent;

4.30.2 being a party to, or facilitating or conducting a transaction which is fictitious or has a dishonest or unlawful motive;

4.30.3 contravening, attempting to contravene, or failing to comply with any provision of the Act, a rule or a directive;

4.30.4 negligently or recklessly conducting the business or affairs of the trading member in such a way that actual or potential prejudice is, or may be, caused to the JSE, any other trading member, a client of a trading member or the general public. The failure by a trading member to introduce appropriate and reasonable safeguards or controls to avoid such prejudice may, depending on the circumstances, be either negligent or reckless;

4.30.5 committing or attempting to commit any act which is detrimental to the interest, good name or welfare of the JSE or its trading members;

4.30.6 knowingly obstructing the business of the JSE or its trading members;

4.30.7 failing, when requested, to assist the JSE Market Regulation Division in the exercise of its duties (which shall include failure without sufficient cause to provide information in accordance with rule 4.10.2.5).

4.40 Disciplinary procedures

4.40.1 Conclusion of investigation

On conclusion of any investigation in terms of rule 4.10 and if, after having considered all the relevant information in his possession, the Director: Market Regulation is of the opinion that there are grounds for an allegation of improper conduct, the Director: Market Regulation may prefer a formal charge against such person ("the respondent") setting out in a brief statement the facts constituting the alleged conduct. Such charge shall be referred to a Disciplinary Committee to be heard in terms of these rules. Such charge may further, in the discretion of the Director: Market Regulation, make provision for an admission of guilt.

4.40.2 Reserved

4.40.3 Preferring charges to be heard by a Disciplinary Committee

4.40.3.1 Where the Director: Market Regulation has preferred a formal charge against a respondent, the charge sheet shall, in addition to the matters listed in rule 4.40.1.2, be

4.30 amended with effect from 9 May 2011
4.30.1 amended with effect from 1 August 2005
4.30.3 amended with effect from 1 August 2005
4.30.7 amended with effect from 1 August 2005
4.40.1 amended with effect from 28 April 2017
4.40.2 deleted with effect from 28 April 2017
4.40.3 amended with effect from 28 April 2017

in a form prescribed by the Director: Market Regulation, be signed by the Director: Market Regulation or his Deputy, and be served on the respondent in such manner as the Director: Market Regulation may determine.

4.40.3.2 Where the Director: Market Regulation has decided to make provision for an admission of guilt, he shall stipulate –

4.40.3.2.1 the amount of the fine payable pursuant to the admission of guilt and any required contribution towards the JSE's costs as well as the period within which such amounts must be paid. Where the respondent has benefited financially as a result of the alleged transgression, the Director: Market Regulation shall take such benefit into consideration in determining the amount of such fine. The admission of guilt may, in particular, provide for the fine to be suspended for a period;

4.40.3.2.2 the manner and time in which the admission of guilt may be made, which time shall not be a period in excess of 50 business days from the date on which the charge sheet is served on the respondent; and

4.40.3.2.3 whether the terms of the admission of guilt should be published.

4.40.3.3 A respondent –

4.40.3.3.1 may, if the respondent is given an opportunity to sign an admission of guilt, admit guilt to such charges within the period set out in the charge sheet; or

4.40.3.3.2 may within 20 business days after receipt of the charge sheet request particulars to the charges, to which the Director: Market Regulation must respond within 20 business days after receipt of such request; and

4.40.3.3.3 shall, if the Director: Market Regulation did not provide for admission of guilt or if the respondent decides not to admit guilt to the charges, file a defence to such charges on or before 50 business days after the date on which the charge sheet was served on the respondent or within 20 days after the date on which the Director: Market Regulation has responded to the request for further particulars.

4.40.3.4 Thereafter the chairman of the Disciplinary Committee shall determine the date on which the charges shall be heard, which date shall not without good reason be later than six months after the charge sheet was served on the respondent.

4.40.3.5 No extension of the time periods set out in rule 4.40.3, including the date for the hearing of the charges shall be allowed without good reason. Furthermore no such extension shall be allowed unless the consent of the chairman of the Disciplinary Committee is obtained.

4.40.3.6 Disciplinary Committee

4.40.3.6.1 The Director: Market Regulation of the JSE may appoint one or more Disciplinary Committees each comprised of three members.

4.40.3.6.2 The members of a Disciplinary Committee shall be:

4.40.3.6.2.1 a retired judge, or a practising or retired senior counsel, or a practising or retired attorney with not less than fifteen years' experience. Such person shall act as chairman of the Disciplinary Committee;

4.40.3.6.2.2 a professional person appointed by reason of that person's knowledge of financial services as it relates to the matter under consideration; and

4.40.3.2.3 amended with effect from 1 August 2005
4.40.3 amended with effect from 28 April 2017

4.40.3.6.2.3 a person appointed by reason of that person's knowledge of or experience in the financial markets.

4.50 Procedure and evidence

4.50.1 Any charges preferred shall be decided on a balance of probabilities.

4.50.2 In a hearing before a Disciplinary Committee –

4.50.2.1 the chairman of the Disciplinary Committee shall decide all matters of law which may arise during the hearing, and whether any matter constitutes a question of law or a question of fact, but all three members of the Disciplinary Committee shall by a simple majority decide all other matters arising during the hearing;

4.50.2.2 the chairman of the Disciplinary Committee shall determine the procedure which the Disciplinary Committee shall follow both in respect of preliminary issues and in respect of the hearing itself, subject to these rules and to the principles of natural justice;

4.50.2.3 the JSE may instruct attorneys or counsel to prefer and prosecute the charges on behalf of the JSE, or the charges may be prosecuted by an employee of the JSE; and

4.50.2.4 a lawyer may represent the respondent at the respondent's own cost and an executive director of the trading member by which the respondent is employed may assist the respondent if the respondent is not an executive director of a trading member.

4.50.3 If a respondent without good cause fails to attend a hearing before a Disciplinary Committee at the time and place stated in the charge sheet, the Disciplinary Committee may proceed with its consideration of the charge in the absence of the respondent.

4.50.4 If, at any stage during a hearing before a Disciplinary Committee, one member of the body hearing the matter dies or retires or becomes otherwise incapable of acting or is absent, the hearing shall proceed before the remaining two members and, provided that the remaining two members are in agreement, their finding shall be the finding of the body concerned. In any other case, the matter shall be heard *de novo*.

4.50.5 If a Disciplinary Committee finds a respondent guilty of improper conduct, the Disciplinary Committee shall have the powers set out in and shall apply rule 4.60.

4.50.6 If the proceedings before a Disciplinary Committee are recorded, any person charged shall be entitled to be supplied with a record of the hearing of such charges, and any person who has made oral representations shall be entitled to be supplied with a record of that portion of the proceedings which related to that person's oral representations.

4.50.7 A report on the findings of a Disciplinary Committee will be furnished to the Registrar within 30 days after the completion of the proceedings.

4.60 Penalties

4.60.1 When any person has been found guilty of improper conduct by a Disciplinary Committee pursuant to these rules, the Disciplinary Committee –

4.60.1.1 may warn, reprimand, censure or impose a fine upon the respondent, which fine shall in respect of each contravention not exceed R1 million, or such other amount as may be stipulated in the Act or in any regulations promulgated in terms of the Act;

4.60.1.2 shall in determining an appropriate penalty take into account –

4.60.1.2.1 any previous conviction in terms of the rules of the JSE or in a court of law;

4.50.7 introduced with effect from 1 August 2005
4.60.1.1 amended with effect from 1 August 2005 and with effect from 9 May 2011
4.50 amended with effect from 28 April 2017
4.60 amended with effect from 28 April 2017

4.60.1.2.2 the harm or prejudice which is caused by the improper conduct;

4.60.1.2.3 any other aggravating or mitigating circumstances; and

4.60.1.2.4 where it is possible that the membership of the respondent may be terminated, the representations of such person in this regard;

4.60.1.3 may on such conditions as the Disciplinary Committee may deem fit, suspend or terminate the membership of a trading member who has been found guilty of improper conduct or in the case of an employee of a trading member, require such trading member to hold a disciplinary enquiry to consider terminating or suspending the employment of such person;

4.60.1.4 may direct a trading member to prevent or relieve an officer or employee of that trading member from carrying out any specified activity, function or duty for such reasonable period as the Disciplinary Committee deems appropriate;

4.60.1.5 may direct a trading member to ensure that any sanction imposed by the Disciplinary Committee on an officer or employee of that trading member is complied with by such officer or employee;

4.60.1.6 may make a fair and reasonable order as to costs; and

4.60.1.7 may order that particulars of the improper conduct and/or finding of the Disciplinary Committee and/or the penalty imposed be published: Provided that if publication is ordered, the respondent shall be given an opportunity to make representations to the Disciplinary Committee in this regard.

4.60.2 A Disciplinary Committee may impose any one or more of the penalties referred to in rule 4.60.1.

4.60.3 Any penalty or part thereof may be suspended on such conditions as the Disciplinary Committee may determine.

4.60.4 If an officer or employee of a trading member fails to pay any fine imposed by a Disciplinary Committee, within 7 days after being informed of the amount of the fine, the JSE may –

4.60.4.1 recover such fine from such officer or employee, as the case may be, in a court of competent jurisdiction;

4.60.4.2 terminate or suspend (on such conditions as the JSE may deem fit) the membership of such trading member, or in the case of an officer or employee of a trading member, require such trading member to hold a disciplinary enquiry to consider terminating or suspending the employment of such person; or

4.60.4.3 direct a trading member to prevent or relieve an officer or employee of that trading member from carrying out any specified activity, function or duty for such reasonable period as the JSE deems appropriate.

4.60.5 The whole or any part of any fine paid to the JSE pursuant to the rules shall first be applied to cover any external costs incurred by the JSE in enforcing the provisions of the rules that have not been recovered through a cost order that has been granted by the Disciplinary Committee. The balance of any fine paid to the JSE pursuant to these rules shall be paid into the Fidelity Fund. Any costs paid to the JSE pursuant to an award made by a Disciplinary Committee shall be paid into the general funds of the JSE.

4.60.6 A Disciplinary Committee may, upon good cause shown and subject to such conditions as the Disciplinary Committee may impose, vary or modify any penalty which it may have previously imposed on any person: Provided that in modifying or varying such penalty, the Disciplinary Committee shall under no circumstances increase such penalty.

4.60.1.4 introduced with effect from 1 August 2005

4.60.1.4 to 4.60.1.6 renumbered 4.60.1.5 to 4.60.1.7 with effect from 1 August 2005

4.60.1.7 amended with effect from 1 August 2005

4.60.4 amended with effect from 1 August 2005

4.60.5 amended with effect from 10 January 2023

4.60.7 If any termination of the membership of a trading member be suspended as a result of an appeal being lodged in terms of the Act, such suspension may be made subject to such conditions as the JSE may determine. A trading member whose membership has been terminated and who lodges an appeal in terms of the Act shall simultaneously inform the Director: Market Regulation that an appeal has been lodged.

4.70 Urgent issues

4.70.1 In order to ensure that the business of the JSE is carried on with due regard to the public interest, the Chairman of the JSE may appoint one or more Urgent Issues Committees. The Executive Officer or the acting Executive Officer, the Chairman or a Deputy Chairman of the JSE and at least two other members of the controlling body shall constitute an Urgent Issues Committee.

4.70.2 An Urgent Issues Committee shall consider whether a trading member is operating in such a manner that there is imminent danger that such trading member may be unable to meet its commitments to clients, other trading members or to a settlement system of the JSE or any other exchange, or that it is conducting business in a manner which could be detrimental to the interests of the JSE or to the interests of the trading members of the JSE and the public.

4.70.3 If an Urgent Issues Committee resolves by a two-thirds majority that an investigation into the affairs of a trading member in terms of these rules has revealed that the trading member is operating in such a manner that there is such imminent danger as is referred to in rule 4.70.2, the Urgent Issues Committee may call upon senior representatives of the trading member to attend a meeting of the Urgent Issues Committee, which meeting may be called on not less than one hour's notice, to hear the concerns of the Urgent Issues Committee and to discuss how such concerns may be resolved.

4.70.4 With the agreement of the trading member concerned or, should the outcome of such meeting fail to satisfy the Urgent Issues Committee with regard to rule 4.70.3, the Urgent Issues Committee may by a two-thirds majority and subject to this rule 4.70

4.70.4.1 prohibit such trading member from trading;

4.70.4.2 restrict the trading activities of such trading member in such manner as it deems fit, or by applying rule 4.70.5; or

4.70.4.3 give such trading member such instructions as it may deem necessary in the interests of the trading member's clients, other trading members, any settlement system of the JSE or any other exchange.

4.70.5 The Urgent Issues Committee may during the period of any order in terms of rule 4.70.4 appoint a registered public accountant and auditor or another trading member or an employee of the JSE to supervise and control the activities of the trading member, at the trading member's cost. Such trading member may further be prohibited from entering into transactions without the prior consent of the person appointed as aforesaid to control and supervise the trading member, which consent may be given upon such terms and conditions as the said appointee may determine.

4.70.6 Reserved.

4.70.7 Any action taken by an Urgent Issues Committee in terms of this rule may continue until such time as that Committee is satisfied as to the financial position and business conduct of the trading member in question.

4.80 Reserved

4.90 JSE's powers of publication

4.90.1 The JSE may in such manner as it may deem fit, notify the public of any fact that the JSE considers to be in the public interest, including, but not limited to, the name of a trading member or any employee

4.70.2 amended with effect from 1 August 2005
4.70.5 amended with effect from 1 August 2005
4.70.6 deleted with effect from 1 August 2005
4.70.7 amended with effect from 1 August 2005
4.80 deleted with effect from 1 August 2005

or registered officer of a trading member who has been found guilty of any charge and of the sentence imposed on such trading member, employee or officer of a trading member.

4.90.2 No action or other proceeding shall in any circumstances be taken by any trading member or any employee or officer of a trading member referred to in any notification referred to in rule 4.90.1 or in a JSE Market Notice, against the JSE or any controlling body or committee member or employee thereof or any person publishing or circulating the same.

4.90.1 amended with effect from 1 August 2005 and with effect from 9 May 2011
4.90.2 amended with effect from 1 August 2005

SECTION 5

Section 5: Complaints and disputes

Scope of section

Complaints

5.10 Client complaints
5.20 Internal complaint handling procedures
5.30 Timeous response to complaints
5.40 Redress
5.50 Recording of complaints
5.60 Unresolved client complaints

Disputes

5.70 Applicability of dispute resolution rules
5.80 Reporting of a dispute
5.90 Declaration of a dispute
5.100 Consideration by an ombud
5.110 Costs
5.120 Limitation of liability
5.130 Trading member complaints against the JSE

Complaints

5.10 Client complaints

5.10.1 For the purposes of Section 5 of the rules, a client complaint is defined as any complaint in relation to the provision of regulated services, in which the client alleges that he has suffered, or is likely to suffer, financial prejudice as a result of the trading member –

5.10.1.1 contravening or failing to comply with any instruction given by the client, or any agreement or mandate entered into with the client;

5.10.1.2 contravening or failing to comply with the rules and the directives;

5.10.1.3 acting dishonestly, negligently or recklessly; or

5.10.1.4 treating the client unreasonably or unfairly.

5.10.2 Every trading member must establish and maintain appropriate procedures for the handling of client complaints.

5.20 Internal complaint handling procedures

5.20.1 A trading member's internal complaint handling procedures must provide for –

5.20.1.1 information regarding the JSE Ombud Scheme to be provided to a client at the time that the member notifies the client of the member's decision in terms of rule 5.20.1.5, which information must include the existence of the Scheme, the Scheme's contact details, and the procedure for lodging an unresolved complaint with the Scheme in terms of rule 5.60;

5.20.1.2 the receipt of oral or written complaints;

5.20.1.3 the appropriate investigation of complaints;

5.20.1.4 an appropriate decision-making process in relation to the response to a client complaint;

5.20.1.5 notification of the decision to the client; and

5.20.1.6 the recording of complaints.

5.20.2 A trading member's internal complaint handling procedures must be designed to ensure that –

5.20.2.1 all complaints are handled fairly, effectively and promptly;

5.20.2.2 recurring or systemic problems are identified, investigated and remedied;

5.20.2.3 the number of unresolved complaints to be referred to the JSE in terms of the rule 5.60 are minimised;

5.20.2.4 complaints are investigated by an employee of sufficient competence who, where appropriate, was not directly involved in the matter which is the subject of a complaint;

5.20.2.5 the employee responsible for the resolution of complaints has the necessary authority to resolve complaints or has ready access to an employee who has the necessary authority; and

5.20.2.6 relevant employees are aware of the trading member's internal complaint handling procedures and comply with them.

Section 5 deleted in entirety and replaced with Dispute Resolution with effect from 1 August 2005
Section 5 renamed Complaints and Disputes with effect from 25 April 2014
New 5.10.1 introduced with effect from 25 June 2007
5.10.1 renumbered 5.10.1.1 with effect from 25 June 2007
5.10.2 renumbered 5.10.1.2 with effect from 25 June 2007
5.10.3 renumbered 5.10.1.3 with effect from 25 June 2007
5.10.4 amended and renumbered 5.10.1.4 with effect from 25 June 2007
New 5.10.2 introduced with effect from 25 June 2007
New 5.20.1.1 introduced with effect from 4 August 2023
Old 5.20.1.1 to 5.20.1.5 renumbered to 5.20.1.2 to 5.20.1.6 respectively with effect from 4 August 2023

5.30 Timeous response to complaints

A trading member must respond to a client complaint within 4 weeks of receiving the complaint in terms of rule 5.20.1.1 or, within such period, provide the complainant with an appropriate explanation as to why the trading member is not, at that time, in a position to respond and must indicate by when the trading member will respond.

5.40 Redress

5.40.1 Where a trading member decides that redress in the form of compensation is appropriate in resolving a complaint, the trading member must provide the complainant with fair compensation and must comply with any offer of compensation made by it which the complainant accepts.

5.40.2 Where a trading member decides that redress in a form other than compensation is appropriate in resolving a complaint, the trading member must provide the redress as soon as practicable.

5.50 Recording of complaints

5.50.1 A trading member must maintain a record of all client complaints. The record of each complaint must include-

5.50.1.1 the identity of the complainant;

5.50.1.2 the substance of the complaint; and

5.50.1.3 all correspondence in relation to the complaint.

5.50.2 The records referred to in rule 5.50.1 must be retained by the trading member for a period of 5 years from the date of the receipt of the complaint.

5.60 Unresolved client complaints

5.60.1 A client complaint will be deemed to be unresolved if the complainant is not satisfied with the resolution of the complaint proposed by the trading member.

5.60.2 A complainant may lodge an unresolved complaint, in writing, with the Director: Market Regulation giving full particulars of the matter concerned.

5.60.3 In order for an unresolved complaint to be considered by the JSE Market Regulation Division, the complaint must be lodged with the Director: Market Regulation within 4 weeks of the receipt by the complainant of the trading member's response referred to in rule 5.30 and within 6 months of the conduct by the trading member giving rise to the complaint.

5.60.4 An unresolved complaint which is lodged subsequent to the period referred to in rule 5.60.3 will be considered, provided that failure to lodge the complaint within the relevant period was through no fault of the client.

5.60.5 The JSE Market Regulation Division may request the trading member and the complainant to provide copies of all relevant correspondence and documentation that is required to review the complaint.

5.60.6 The JSE Market Regulation Division will endeavour to facilitate a resolution of the complaint between the trading member and the complainant.

5.60.7 If the JSE Market Regulation Division is unable to facilitate a resolution of the complaint within 4 weeks of lodgement of the complaint with it, the Director: Market Regulation will refer the unresolved complaint to the Company Secretary of the JSE to be dealt with in terms of the dispute resolution rules.

Disputes

5.70 Applicability of dispute resolution rules

5.70.1 Rules 5.70 to 5.120 ("the dispute resolution rules") are intended to facilitate the equitable and expeditious settlement of disputes that –

5.70.1.1 a client has with a trading member, in respect of an unresolved complaint;

5.70.1.2 a trading member has with another trading member, in respect of transactions in IRC securities; or

5.30 amended with effect from 25 June 2007
5.60.3 amended with effect from 25 June 2007

5.70.1.3 a trading member has with a client, in respect of transactions in IRC securities.

5.70.2 The dispute resolution rules only apply –

5.70.2.1 where the amount in dispute is in excess of R2 000;

5.70.2.2 where the dispute is not the subject of existing litigation;

5.70.2.3 in the case of a dispute that a client has with a trading member, where the amount in dispute either does not exceed R500 000 or, where the amount in dispute exceeds R500 000, if the consent of both parties to proceed has been obtained;

5.70.2.4 in the case of a dispute that a trading member has with another trading member, and the trading members are able to evidence to the satisfaction of the Director: Market Regulation that reasonable endeavours have been made by the said trading members to resolve the dispute, if the consent of both parties to proceed has been obtained;

5.70.2.5 in the case of a dispute that a trading member has with a client, if the consent of the client to proceed has been obtained.

5.80 Reporting of a dispute

5.80.1 An unresolved client complaint that the JSE Market Regulation Division is not able to resolve in terms of rule 5.60 will be reported as a dispute by the Director: Market Regulation to the Company Secretary of the JSE if the client elects to pursue the dispute resolution process.

5.80.2 A dispute between two trading members in respect of transactions in IRC securities must be reported, in writing, by either trading member, to the Company Secretary of the JSE, within 1 week of the circumstance giving rise to the dispute having arisen.

5.80.3 A dispute that a trading member has with a client in respect of transactions in IRC securities must be reported, in writing, by the trading member, in writing to the Company Secretary of the JSE, within 6 months of the circumstance giving rise to the dispute having arisen.

5.80.4 The Company Secretary of the JSE may, at any time, request any of the parties to a dispute to furnish him with such further information relating to the dispute as may be required.

5.90 Declaration of a dispute

A dispute reported in terms of rule 5.80 will, subject to criteria set out in rule 5.70.2 having been met, be declared a dispute by the Company Secretary and will be referred by the Company Secretary to a duly appointed ombud for consideration.

5.100 Consideration by an ombud

5.100.1 The Ombud Committee will appoint an ombud to consider a dispute, who is a retired judge of the High Court of South Africa or a Senior Counsel.

5.100.2 Within 3 weeks of the dispute having been referred to the ombud for consideration, the claimant must set out the subject matter of the claim in a written statement, including all the material facts, and furnish this statement, along with all relevant documentation upon which the claim is based, to the ombud.

5.100.3 The ombud may require the claimant to expand upon his statement of claim or provide further evidence or particulars as he deems necessary within such reasonable time as is specified by the ombud.

5.100.4 The other party to the dispute, hereafter referred to as the defendant, must be provided with a copy of the written statement of claim by the ombud. The defendant must furnish the ombud with its written response to the statement of claim within 3 weeks of having received such. In addition to the defendant's written response, the defendant must attach thereto all other evidence relating to the dispute.

5.100.5 The ombud may require the defendant to expand upon its response or provide further evidence or particulars as he deems necessary within such reasonable time as specified by the ombud and may

5.100.1 amended with effect from 4 August 2023
5.100.4 amended with effect from 25 June 2007

require the claimant to provide a written reply to the defendant's response within such reasonable time as he may specify.

5.100.6 The ombud may at his discretion decide that a number of disputes based on similar occurrences or similar facts be consolidated and treated as a single dispute.

5.100.7 After ascertaining the parties availability, the ombud will, subject to rule 5.100.8, furnish the parties with written notification of the date on which the dispute will be heard.

5.100.8 The ombud may make a decision regarding any issues relating to the dispute or consider the dispute on the basis of the documents submitted in terms of rules 5.100.2 to 5.100.5 without the necessity of a hearing.

5.100.9 The dispute resolution proceedings will be conducted without legal representation of any of the parties, unless the ombud in his sole discretion decides otherwise.

5.100.10 The ombud, in reaching a decision, may consult with any third party regarding any issue relating to the dispute. The ombud has the discretion to call upon any third party to participate in the dispute resolution proceedings.

5.100.11 The ombud must apply principles of equity, where appropriate, when dealing with a dispute.

5.100.12 The ombud will, after having considered the information as presented to him by the parties and such other information as he may request, make his decision within 3 weeks of having considered the dispute. The ombud must, at the request of any party to the dispute, provide written reasons for his decision.

5.100.13 The ombud's decision will be furnished to the parties in writing.

5.100.14 The ombud is not obliged to provide a ruling on a dispute if he is of the view that the dispute is of such a complex nature that it cannot be resolved expeditiously by means of the dispute resolution process and can only be properly considered by a court of law.

5.100.15 Any decision made in terms of rule 5.100.13 must be complied with by the party against whom the decision is made within seven days of the decision having been made by the ombud.

5.100.16 Unless the JSE, the ombud and the parties to the dispute agree otherwise, the identity of the parties, the nature of the evidence and the details of the ombud's deliberations and finding, and all other information pertaining to the proceedings will be kept confidential by all parties thereto, unless disclosure by the JSE is required by law.

5.100.17 The ombud's engagement may be terminated by the Ombud Committee in accordance with rule 1.41.4.2.3.

5.110 Costs of the proceedings

5.110.1 The parties to any dispute resolution proceeding in terms of rule 5.100 may be required to pay to the JSE, before the proceedings commence, such amount as the JSE may determine as a deposit to cover a portion of the costs of the proceedings.

5.100.7 amended with effect from 25 June 2007
5.100.8 renumbered 5.100.9 with effect from 25 June 2007
5.100.9 renumbered 5.100.10 with effect from 25 June 2007
New 5.100.11 introduced with effect from 4 August 2023
Old 5.100.11 to 5.100.15 renumbered to 5.100.2 to 5.100.16 respectively with effect from 4 August 2023
5.100.11 amended and renumbered 5.100.12 with effect from 25 June 2007
5.100.12 renumbered 5.100.13 with effect from 25 June 2007
5.100.13 amended and renumbered 5.100.14 with effect from 25 June 2007
New 5.100.15 amended with effect from 4 August 2023
5.100.14 renumbered 5.100.15 with effect from 25 June 2007
5.100.17 introduced with effect from 4 August 2023
Old 5.110.1 deleted with effect from 25 June 2007
5.110.2 amended and renumbered 5.110.1 with effect from 25 June 2007

5.110.2 The ombud may, as part of his award and as he deems appropriate in the circumstances, make an order on costs which may include an order against the unsuccessful party for payment of all the costs of the proceedings.

5.120 Limitation of liability

No officer, employee or representative of the JSE or any member of the controlling body, or the ombud appointed in terms of these rules shall be liable for any loss sustained by, or damage caused to any person as a result of anything done or omitted by them in the *bona fide* or negligent performance of any function under or in terms of this rule 5.

5.130 Trading member complaints against the JSE

5.130.1 Subject to rule 5.130.2, if a trading member wishes to lodge a complaint against the JSE in respect of the exercise by the JSE of any exchange functions in terms of section 10 of the Act and the trading member requires a written response to their complaint, the trading member should lodge the complaint in writing with the JSE Company Secretary.

5.130.2 If a trading member wishes to lodge a complaint against the JSE in respect of conduct by the JSE which, in the opinion of the trading member, evidences a failure by the JSE to avoid or otherwise appropriately manage a potential conflict between the JSE's regulatory functions and its commercial functions, the trading member should lodge the complaint in writing with the JSE Company Secretary for the attention of the Chairman of the SRO Oversight Committee.

5.130.3 The JSE or the Chairman of the SRO Oversight Committee will respond to a complaint received in terms of rule 5.130.1 or 5.130.2 respectively within 4 weeks of receiving the complaint or, within such period, will provide the complainant with an appropriate explanation as to why they are not, at that time, in a position to respond and will indicate by when they will respond.

5.110.3 deleted with effect from 25 June 2007
5.110.4 renumbered 5.110.2 with effect from 25 June 2007
5.120 replaced with effect from 25 June 2007
5.130 introduced with effect from 25 April 2014

SECTION 6

Section 6: IRC securities

Scope of Section

6.10 List of IRC securities
6.20 Contract specifications of IRC securities
6.30 Listing of futures and option contracts
6.40 Reserved
6.50 Reserved
6.60 Investigation or suspension of listing

6.10 List of IRC securities

The record of IRC securities which may be bought or sold on the IRC markets shall be kept by the JSE in the list of the securities in terms of section 11(8)(a) of the Act.

6.20 Contract specifications of IRC securities

6.20.1 The contract specifications of interest rate derivatives and currency derivatives contained in the list of IRC securities kept in terms of these rules shall be determined by the JSE Executive.

6.20.2 The JSE may conduct surveys and research, call for the views of trading members and any committee and take such other steps as it may deem appropriate in determining the contract specifications of IRC securities listed by the JSE.

6.20.3 The JSE may decide which expiry months shall be specified for the futures and option contracts contained in the list referred to in rule 6.10 and it shall publish such futures and option contracts in a notice to trading members: Provided that where the expiry date of a futures or option contract is longer than one year the JSE shall specify the expiry date.

6.20.4 Option contracts having strike prices as contained in the contract specification of the particular option contract may be traded when the expiry month of the underlying futures contract is specified as contemplated in rule 6.20.1.

6.30 Listing of futures and option contracts

6.30.1 The JSE may –

6.30.1.1 add futures and option contracts to, or remove futures and option contracts from, the list of IRC securities kept in terms of these rules, or suspend futures and option contracts from such list;

6.30.1.2 impose new conditions on or amend the existing conditions of such futures and option contracts.

6.30.2 The JSE shall notify all trading members of any actions performed by the JSE in terms of rule 6.30.1, and shall stipulate a date for the coming into operation of an addition, removal or suspension of futures and option contracts or new or amended conditions relating to futures and option contracts.

6.40 Reserved

6.50 Reserved

6.60 Investigation or suspension of listing

It shall be a condition of a listing that -

6.60.1 the JSE may in such manner as it deems fit, notify the public that it has –

6.60.1.1 removed any IRC security from the list;

6.60.1.2 suspended the listing of any IRC security;

6.60.1.3 investigated dealings in any IRC security,

and it shall publish the reasons for such removal, suspension or investigation, as the case may be, and so much of its conclusions or findings as it may deem advisable;

6.10 amended with effect from 1 August 2005
6.10 amended with effect from 25 April 2014
6.20 amended with effect from 1 August 2005
6.20.1 amended with effect from 1 August 2005
6.20.1 amended with effect from 4 June 2007
6.30.1 amended with effect from 1 August 2005
6.40 deleted with effect from 9 May 2011
6.50 deleted with effect from 9 May 2011

6.60.2 the JSE may publish or cause, permit or authorise the proprietor or publisher of any newspaper or other periodical publication to publish any statement made in terms of rule 6.60.1.

SECTION 7

Section 7: Trading

Scope of section

7.10 Buying and selling of IRC securities
7.20 JSE Trading system
7.30 Trading members' obligations
7.40 Market integrity
7.50 Prevention and detection of market abuse
7.60 Orders
7.70 Trading capacity
7.80 Trading with or on behalf of clients
7.90 Affiliated officers and trading members trading as clients
7.100 Aggregation, division and allocation of trades
7.110 Principal assignment trades
7.120 Off book trading
7.125 Transactions with inter-dealer brokers
7.130 Correction trades
7.140 Emergency provisions

7.10 Buying and selling of IRC securities

7.10.1 The business of the buying and selling of IRC securities by trading members as contemplated by section 24(a) and (b) of the Act must be conducted on the JSE trading system: Provided that –

7.10.1.1 a trading member may execute transactions in IRC securities on another exchange as an authorised user or as a client of an authorised user of such exchange; or

7.10.1.2 transactions in IRC securities which meet the criteria set out in rule 7.120 may be negotiated off book and reported to the JSE trading system

7.10.2 A transaction negotiated off book in terms of rule 7.10.1.2 is only deemed to be a valid transaction once the transaction has been reported to the JSE trading system by the trading member or trading members who are party to the transaction.

7.20 JSE Trading system

7.20.1 In accordance with the directives, other than in relation to the transactions exempted in terms of rule 7.10, a trading member must execute trades in IRC securities, either for its own account or for the account of a client, on the JSE trading system.

7.20.2 The JSE trading system will operate on every business day according to standard periods and times as set out in the directives.

7.30 Trading members' obligations

7.30.1 Access to and utilisation of the JSE trading system

7.30.1.1 Trading members may only access and utilise the JSE trading system with the required approval of the Market Controller and subject to such instructions as may be issued by the Market Controller.

7.30.1.2 In order to utilise the services of, and access the JSE trading system a trading member must:

7.30.1.2.1 enter into and sign such agreements; and

7.30.1.2.2 adhere to such requirements and specifications, as may be prescribed by the JSE Executive.

7.30.1.3 Trading members accessing the JSE trading system must at all times –

7.30.1.3.1 maintain and enforce appropriate security procedures which are designed to prevent unauthorised persons from having access to any JSE systems, trading member applications or client applications; and

7.30.1.3.2 have the necessary resources to ensure that any data sent to or received from the JSE trading system does not interfere with the efficiency and integrity of the IRC markets or the proper functioning of the JSE systems.

7.30.2 Data integrity

7.30.2.1 A trading member is responsible for identifying the origin and the accuracy, integrity, and *bona fides* of all data submitted to the JSE trading system by or on behalf of that trading member. Any information received by the JSE trading system is deemed for all

7.10 amended with effect from 9 May 2011
7.10 amended with effect from 1 August 2005
7.10 renumbered 7.10.1 and amended with effect from 9 May 2011
7.10 amended with effect from 29 April 2019
7.10.1 amended with effect from 1 August 2005
7.10.1 amended with effect from 25 April 2014
7.10.2 introduced with effect from 9 May 2011

purposes under these rules and directives to have been submitted to the JSE trading system by, and with the knowledge of, the trading member.

7.30.2.2 Data from or submitted on behalf of trading members may only be submitted to the JSE trading system in a manner approved by the JSE.

7.30.3 Reserved

7.30.4 Authorised personnel

7.30.4.1 A trading member represents and warrants to the JSE and to persons with or on behalf of whom the trading member executes transactions in IRC securities, that any person employed by the trading member to deal with such persons in relation to such transactions, has full authority to act on the trading member's behalf.

7.30.4.2 A trading member must ensure that all registered dealers meet the requirements of rule 3.120.

7.30.5 Recording of transactions

Every trading member must, as set out in rule 10.220.5, record, report and retain details of every transaction in IRC securities entered into by it or on its behalf and it shall be the duty of every person executing a transaction on behalf of a trading member to ensure that these rules are complied with.

7.30.6 Broadcasting of market prices

7.30.6.1 Subject to authorisation from its clients, an IDB must broadcast bid and offer prices in relation to its clients' orders to buy and sell JSE listed bonds in a non-discriminatory manner which ensures that such bid and offer prices are accessible at the same time to all other trading members with whom the IDB transacts who wish to access those prices.

7.30.6.2 A trading member may only broadcast a bid or offer price in a JSE listed bond if it has the intention of trading at that particular price either for its own account or based on an order received from a client to buy or sell the JSE listed bond, subject to any counterparty limits, contractual provisions and regulatory or internal compliance restrictions that may prevent the trading member from trading with a person who wishes to trade at the broadcast price.

7.30.6.3 Any trading member that broadcasts bid and offer prices in JSE listed bonds or spreads comprising two bonds, either on its own behalf or on behalf of clients, must make such prices available to the JSE on request.

7.30.6.4 The JSE may use the broadcast prices for the purpose of effective regulation of trading in JSE listed bonds and may also specifically use prices broadcast by IDBs to promote liquidity and transparency of trading in JSE listed bonds.

7.40 Market Integrity

7.40.1 Where, from a lack of clarity in the published information available at the time of the transaction, a trading member trades in a quantity or at a price which in the opinion of the JSE Executive is unreasonable, the JSE Executive may declare such transaction void. Such declaration is binding on the trading members who entered into such transaction and on the clients for or on whose behalf the transaction was executed.

7.30.3 deleted with effect from 9 May 2011
7.30.6 introduced with effect from 9 May 2011
7.30.6 amended with effect from 25 April 2014
7.30.6.1 renumbered 7.30.6.3 with effect from 25 April 2014
7.30.6.1 introduced with effect from 25 April 2014
7.30.6.2 renumbered 7.30.6.4 with effect from 25 April 2014
7.30.6.2 introduced with effect from 25 April 2014
7.30.6.4 amended with effect from 25 April 2014

7.40.2 The JSE Executive may prohibit trading by trading members in any particular IRC security either for a specified or for an indefinite period.

7.40.3 If, in the opinion of the Director: Market Regulation, an automated trade, auction trade or off book transaction materially impacts the integrity or transparency of the IRC markets, or the correctness of the statistics, the Director: Market Regulation may cancel such trade or off book transaction without having received a formal request to do so by any trading member. The Director: Market Regulation may –

7.40.3.1 instruct the trading member or trading members to enter an equal and opposite correction trade on the trade date of the original trade; or

7.40.3.2 instruct the Settlement Authority to effect an equal and opposite correction trade on behalf of the trading member or trading members on the day after the original trade.

7.40.4 The Market Controller and any one member of the JSE Executive may decide that the IRC markets be closed in the event that a fair and realistic market does not exist. A fair and realistic market will be deemed not to exist at the discretion of the Market Controller after consideration of the percentage of trading members not able to access the JSE trading system, the reasons for such lack of access and their contribution to price formation.

7.40.5 Notwithstanding any other provision of these rules or any directive and subject to rule 1.40, the JSE Executive, in accordance with prevailing circumstances may –

7.40.5.1 reduce or extend the hours of operation of the JSE trading system for any particular business day;

7.40.5.2 without prior notice to any person, halt or close the JSE trading system for trading at any time and for any period;

7.40.5.3 without prior notice to any person suspend automated trading;

7.40.5.4 if there has been any failure of the JSE trading system, for any reason, or if the JSE trading system has been closed, suspended or halted, declare that a transaction executed through or by the JSE trading system is void. Such declaration is binding on the trading members who entered into such transaction and on the clients for or on whose behalf the transaction was executed;

7.40.5.5 exercise such further powers and take such further action as may be exercised or taken by the JSE in terms of these rules and directives, and as may be necessary to resolve any issue which may arise from the closure, suspension, halt or failure of the JSE trading system; and

7.40.5.6 take such other steps as may be necessary to ensure an orderly market.

7.40.6 Notwithstanding any other provisions of the rules and directives –

7.40.6.1 the Market Controller may instruct a trading member to immediately discontinue using a trading member or client application; or

7.40.6.2 the Market Controller may restrict the usage by a trading member of any or all components of a trading member or client application.

7.40.7 The Director: Market Regulation or his deputy, in conjunction with the Executive Officer or acting Executive Officer or failing the Executive Officer or acting Executive Officer, the Director: Issuer Regulation, may declare a trading halt in an IRC security in circumstances where the Director: Market Regulation or his deputy determines that the trading activity in an IRC security -

7.40.6.2 amended with effect from 1 August 2005
7.40.6.3 deleted with effect from 1 August 2005
7.40.7and 7.40.7.1 to 7.40.7.3 introduced with effect from 1 August 2005
7.40.7amended with effect from 9 May 2011 and 1 January 2023

7.40.7.1 is being or could be undertaken by persons possessing unpublished price-sensitive information that relates to the underlying instrument to which the IRC security relates; or

7.40.7.2 is being influenced by a manipulative or deceptive trading practice; or

7.40.7.3 may otherwise give rise to an artificial price in that IRC security.

7.40.8 No trading member may trade an IRC security for the duration of a trading halt referred to in rule 7.40.7, but may delete orders from the JSE trading system.

7.50 Prevention and detection of market abuse

7.50.1 A trading member must give consideration to the circumstances of orders placed by clients before entering such orders in the JSE trading system and must take reasonable steps to satisfy itself that such orders and any resultant trades will not result in a breach of the provisions of section 80 of the Act (Prohibited trading practices).

7.50.2 A trading member must ensure that all of its employees who are involved in the receipt of orders from clients and the execution of transactions in IRC securities on the JSE trading system are familiar with the market abuse provisions in sections 77 to 80 of the Act and that those employees receive adequate training and guidance to enable them to recognise and avoid entering into any transaction on behalf of the trading member or its clients which will result in, or is likely to result in, a breach of those provisions.

7.50.3 A trading member's compliance monitoring procedures must specifically include procedures to monitor orders entered into, and transactions executed on, the JSE trading system by the trading member and its employees, with the objective of identifying and taking appropriate action in relation to orders or trades that, in the reasonable opinion of the trading member, may constitute a breach of the provisions of sections 78 and 80 of the Act.

7.50.4 In formulating and implementing the compliance monitoring procedures referred to in rule 7.50.3, a trading member is not expected to monitor every order entered into and every trade executed on the JSE trading system by the trading member, for the purpose of identifying potential market abuse. Nevertheless, whilst trading members are encouraged to implement monitoring procedures to detect any activity undertaken by the trading member's employees or its clients which may constitute a breach of the provisions of sections 78 and 80 of the Act, the procedures should, as a minimum, aim to detect activity which, to a reasonable person observing or reviewing such activity, would constitute a blatant breach of the provisions of sections 78 and 80 of the Act taking into account all relevant factors such as:

7.50.4.1 the identity of the parties to the transaction;

7.50.4.2 the perceived intention of the parties to the transaction;

7.50.4.3 the timing of the transaction;

7.50 renamed Prevention and detection of market abuse with effect from 25 April 2014

7.50.1 amended with effect from 1 August 2005

7.50.1 amended with effect from 25 April 2014

7.50.2.amended with effect from 1 August 2005

7.50.2 amended with effect from 25 April 2014

7.50.3.introduced with effect from 1 August 2005

7.50.3 amended with effect from 25 April 2014

7.50.4.1.1 amended with effect from 1 August 2005

7.50.3 renumbered 7.50.4 with effect from 1 August 2005

7.50.4 amended with effect from 25 April 2014

7.50.4.1.4 amended with effect from 1 August 2005

7.50.4.1.5 introduced with effect from 1 August 2005

7.50.3.5 renumbered 7.50.4.1.6 and amended with effect from 1 August 2005

7.50.4.2 introduced with effect from 1 August 2005

7.50.4.4 the frequency and pattern of transactions over a period of time;

7.50.4.5 the effect of the transaction on market prices or volumes; or

7.50.4.6 a combination of two or more of these factors.

7.60 Orders

7.60.1 All orders received by a trading member which are to be executed in the central order book of the JSE trading system must be recorded in price or yield and then time priority by the trading member and be submitted to the JSE trading system in such order. Orders from clients will always be given time priority over such trading member's own account orders except where that trading member had already entered own account orders into the JSE trading system at the time that a client order was received by that trading member.

7.60.2 Orders received by a trading member after hours will have the time priority of entry of the order into the JSE trading system.

7.60.3 Orders entered individually will carry their own time priority.

7.60.4 A trading member must keep a record of an order received for a period of not less than six months after the order was received, in terms of rule 10.220.5, whether the order was entered into the central order book of the JSE trading system or resulted in a transaction reported to the JSE trading system.

7.70 Trading capacity

7.70.1 A trading member may trade on behalf of a client as an agent or may trade with a client as a principal.

7.70.2 A trading member may only deal as principal with a client if the trading member has, prior to trading, obtained the consent of its client.

7.70.3 A trading member may not make a profit in respect of an agency transaction executed on behalf of a client other than fees or brokerage.

7.70.4 All fees must be separately charged and may not be included in the price of the transaction.

7.70.5 A trading member may trade with a client as principal by-

7.70.5.1 entering the client's order directly in the JSE trading system for the client's account and where such order matches with an opposite order entered in the JSE trading system for the trading member's own account; or

7.70.5.2 executing a principal trade with a client off the central order book and reporting such trade to the JSE trading system, provided such trade qualifies as an off book transaction in terms of rule 7.120.

7.70.6 A trading member may trade for a client as agent by –

7.70.6.1 entering the client's order directly in the JSE trading system for the client's account and where such order matches with an opposite order of another trading member or another client; or

7.70.6.2 entering the client's order in the JSE trading system for the trading member's agency suspense account and allocating the resultant trade or trades to the client, after aggregating and/or dividing such trades; or

7.55 introduced with effect from 1 August 2005
7.55 deleted with effect from 25 April 2014
7.60.1 amended with effect from 9 May 2011
7.60.4 amended with effect from 9 May 2011
7.70.3 amended with effect from 29 April 2019
7.70.4 introduced with effect from 29 April 2019
7.70.4 and 7.70.5 renumbered 7.70.5 and 7.70.6 respectively with effect from 29 April 2019
Previous 7.70.4 deleted with effect from 29 April 2019

7.70.6.3 executing an agency trade between two clients or between a client and another trading member off the central order book and reporting such trade to the JSE trading system, provided such trade qualifies as an off book transaction in terms of rule 7.120.

7.80 Trading with or on behalf of clients

7.80.1 Client agreement

7.80.1.1 A trading member may not trade with or on behalf of a client in IRC securities unless the trading member has entered into a client agreement with the client. The terms and conditions of the client agreement must have substantially the same effect in law as the terms and conditions contained in the *pro forma* agreement in Directive DC.

7.80.2 Client acceptance and maintenance procedures

7.80.2.1 A trading member must ensure that it obtains and maintains sufficient information on each client account so as to be able to identify the beneficiary of the account and the person or persons responsible for placing instructions on the account at all times, in accordance with the directives.

7.80.2.2 Before undertaking to execute any transaction for a new client, a trading member must, as a minimum, authenticate the identity of such client and maintain a record of the means of such authentication.

7.80.2.3 A trading member may not trade with or on behalf of a client in IRC securities until the trading member has loaded the client on the JSE trading system by recording the client's particulars that are required by the JSE trading system.

7.80.2.4 The JSE will maintain a record of the clients which are loaded as clients of trading members and will keep a record of the particulars associated with each client as required under rule 7.80.2.3.

7.80.2.5 A trading member must ensure that the particulars relating to its clients are correct and up to date at all times.

7.80.2.6 The trading member must ensure that clients which have ceased trading with the trading member are removed from the record of clients of the trading member on the JSE trading system.

7.80.2.7 The client's particulars will be retained by the JSE for as long as it deems necessary after the client has ceased trading.

7.80.3 Best execution

7.80.3.1 When acting for a client in the buying or selling of IRC securities, a trading member must at all times adhere to the best execution principle taking reasonable care to obtain the result which is the best available in the market for the client: Provided that the trading member must at all times act in accordance with the terms and conditions of the client agreement or mandate.

7.80.3.2 In support of the best execution principle, all transactions in IRC securities by trading members must be conducted through the central order book, unless the negotiation of the terms of a transaction between the parties to the transaction and the reporting of

7.70.5.3 amended with effect from 9 May 2011
7.80 amended with effect from 9 May 2011
7.80.1.1 amended with effect from 9 May 2011
7.80.2 amended with effect from 1 August 2005 and with effect from 9 May 2011
7.80.2.3 amended with effect from 9 May 2011
7.80.2.4 amended with effect from 1 August 2005 and with effect from 9 May 2011
7.80.2.6 amended with effect from 9 May 2011
7.80.2.7 amended with effect from 1 August 2005 and with effect from 9 May 2011
7.80.3.2 introduced with effect from 29 April 2019

the transaction to the JSE trading system is in the best interests of the client, provided the transaction qualifies to be reported in terms of rule 7.120.

7.80.4 Notification of transactions

7.80.4.1 A trading member must ensure that clients are notified of all transactions executed on or reported to the JSE trading system, for or on behalf of such clients, in the manner and within the time period as set out in the directives.

7.80.4.2 The transaction notification referred to in rule 7.80.4.1 must set out –

7.80.4.2.1 the terms of the transaction;

7.80.4.2.2 the capacity in which the trading member acted; and

7.80.4.2.3 if the transaction is executed by the trading member in an agency capacity, the details of any fees charged by the trading member.

7.90 Employees and trading members trading as clients

7.90.1 An employee of a trading member may be a client of that trading member or another trading member; provided that such client fulfils all his obligations in terms of these rules.

7.90.2 A trading member must establish and maintain controls and procedures in relation to transactions executed for the direct or indirect benefit of employees of the trading member, in order to avoid such transactions conflicting with the interests of the trading member's clients, whether such transactions are executed by the trading member or by another trading member.

7.90.3. The controls and procedures in relation to the transactions referred to in rule 7.90.2, should as a minimum, make provision for the review by the trading member of those transactions, in order to identify any transactions which are in conflict with the interests of that trading member's clients.

7.100 Deal management

7.100.1 When bulking or aggregating agency client orders and trades, trading members are required to use designated agency suspense accounts, as specified in the directives, for the order entry, trading, consolidation, division or allocation of such orders and trades.

7.100.2 Trading members are precluded from trading on the designated agency suspense accounts for their own account or for any accounts in which employees have a direct or indirect beneficial interest.

7.100.3 A trading member may aggregate a number of trades that were executed on the JSE trading system for an agency suspense account and allocate such aggregated trades to a client at a price equal to the average price of the original trades.

7.100.4 A trading member may divide a trade that was executed on the JSE trading system for an agency suspense account: Provided the trading member allocates such subdivided trades to two or more clients at the price of the original trade.

7.100.5 Trading members are responsible for the time priority of allocations of the trades in respect of which orders have been bulked.

7.80.4.2.2 amended with effect from 9 May 2011
7.80.4.2.3 deleted and 7.80.4.2.4 renumbered 7.80.4.2.3 with effect from 9 May 2011
7.80.4.2.3 amended with effect from 29 April 2019
7.85 introduced with effect from 4 June 2007 and deleted with effect from 24 December 2008
7.90 amended with effect from 1 August 2005
7.90.1 amended with effect from 9 May 2011
7.90.2 amended and 7.90.2.1 to 7.90.2.4 deleted with effect from 9 May 2011
7.90.3 introduced with effect from 9 May 2011
7.100 renamed "Deal management" with effect from 29 April 2019
7.100.3 amended with effect from 29 April 2019
7.100.1 amended with effect from 9 May 2011
7.100.2 amended with effect from 1 August 2005

7.100.6 All trades on the designated agency suspense accounts must be allocated to the relevant clients on the day of the trading and no positions must remain on such suspense accounts overnight.

7.100.7 If a trading member uses an agency suspense account dedicated to a particular client for the allocation of trades to underlying accounts under the control of that client, the allocation of a trade to the dedicated suspense account is deemed to be an allocation to the client for the purpose of rule 7.100.6.

7.100.8 A trading member may allocate a trade in futures or option contracts executed on the JSE trading system for an agency suspense account to another trading member, provided that the trade is pursuant to a tripartite agreement, as set out in the directives, and that the trade is allocated to the other trading member at the price of the original trade.

7.110 Reserved

7.120 Off book trading

7.120.1 Subject to trading members complying with the best execution principle in rule 7.80.3 when trading with or on behalf of clients, the transactions listed in rule 7.121 do not have to be executed through the central order book and may be validly reported to the JSE trading system as off book trades.

7.120.2 In the case of an off book trade between two trading members, the trading members must agree on which trading member will initiate the submission of the trade to the JSE trading system.

7.120.3 Off book trades negotiated after trading hours in accordance with rule 7.121.5 must be submitted to the JSE trading system by no later than 08h30 on the following business day.

7.120.4 The table below lists the off book trade types and indicates –

7.120.4.1 whether the transaction may be conducted by one trading member or two trading members; and

7.120.4.2 whether the transaction is published by the JSE.

Trade description	Trade type code	Single trading member	Two trading members	Published
Roll Trade	RT	Yes	Yes	Yes
Strategy Trade	SR	Yes	Yes	Yes

7.121 Off book trading criteria

7.121.1 The following transactions may be validly reported to the JSE trading system:

7.121.1.1 value eligible off book 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;

7.121.1.2 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-

7.121.1.2.1 has, subject to rule 7.121.2, been unable to satisfy that order through the central order book on an agency basis; and

New 7.100.7 introduced and Old 7.110.7 renumbered 7.100.8 with effect from 9 May 2011
7.110 "Principle assignment trades" deleted with effect from 29 April 2019
New section 7.120 inserted and name amended from "Reported transactions" to "Off book trading" from 29 April 2019
Old section 7.120 renumbered 7.121 and amended with effect from 29 April 2019
7.120.1.2 – 7.120.1.5 introduced with effect from 16 January 2015

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

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

7.121.1.3.1 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 trading member to fill that order during trading hours, the order remained unfilled at the market closing time; or

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

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

7.121.1.4 Roll Trade

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 same underlying for a later expiry date, and where the trading 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;

7.121.1.5 Strategy Trade

A strategy trade that is comprised of two or more transactions in options or futures in respect of one or more underlying instruments, which are linked in the JSE trading system to give effect to the strategy of the trading member or client; and

7.121.1.6 the expiry of physically settled futures contracts, as instructed by the Market Controller, in terms of rule 8.30.7.

7.121.2 Prior to reporting a currency derivatives transaction in terms of rule 7.121.1.2, 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 central order book which are at a better price or which have time priority over the client's order.

7.121.3 Subject to rule 7.121.4 and rule 7.121.7, off book transactions between two trading members must be reported to the JSE trading system, by the trading members who are party to the transaction, within 30 minutes of the transaction being concluded.

7.121.4 Trading members must take reasonable steps to ensure that all off book transactions between two trading members that are concluded within the 30 minute period before the JSE trading system closing time, as stipulated in the directives, are reported to the JSE 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 JSE trading system before the system closing time, the transaction must be reported by no later than 08h30 on the following business day.

7.120.1.2 and 7.120.1.3 renumbered 7.120.1.6 and 7.120.1.7 with effect from 16 January 2015
7.120.1.2 amended with effect from 9 May 2011
7.120.2 – 7.120.8 renumbered 7.120.3 – 7.120.9 with effect from 16 January 2015
7.120.2 amended with effect from 9 May 2011
7.120.3 to 7.120 8 introduced with effect from 9 May 2011

7.121.5 Subject to rule 7.121.6 and rule 7.121.7, off book transactions between a trading member and a client must be reported to the JSE trading system without delay but by no later than the JSE trading system closing time on the trade date.

7.121.6 Trading members must take reasonable steps to ensure that all off book transactions between the trading member and a client that are concluded within the 2 hour period before the JSE trading system closing time, as stipulated in the directives, are reported to the JSE trading system before the system closing time. If despite taking all reasonable steps, JSE trading members are unable to report transactions concluded within this 2 hour period to the JSE trading system before the system closing time, the transaction must be reported by no later than 09h00 on the following business day.

7.121.7 All off book transactions that are concluded by trading members after the closing time of the JSE trading system, as stipulated in the directives, must be reported to the JSE trading system by no later than 08h30 on the following business day.

7.121.8 A trading member who reports a transaction in bonds in terms of rule 7.121.1.1 or a market maker who reports a currency derivatives transaction in terms of rule 7.121.1.2 must ensure that the date and time at which the transaction was concluded is included when the transaction is reported to the JSE trading system.

7.121.9 If an off book transaction is reported to the JSE trading system by a person other than a trader, the trading member must retain a record identifying the trader who was responsible for executing the transaction.

7.121.10 Off book transactions that do not comply with one or more of the criteria specified in this rule may be cancelled by the JSE at the sole discretion of the Director: Market Regulation.

7.125 Transactions with inter-dealer brokers

An inter-dealer broker performs an important function in relation to the determination of market prices of bonds listed on the JSE. Therefore it is important that inter-dealer brokers are subject to these IRC rules in relation to the intermediary services that they provide to trading members and clients. Accordingly, a trading member may not trade in bonds with a person whom the trading member knows or has reason to believe:

7.125.1 would be performing the function of an inter-dealer broker in relation to the relevant transaction; and

7.125.2 is in turn transacting with another trading member or any other resident on the opposite leg of the transaction,

if that person is not authorised as an inter-dealer broker in terms of these IRC rules.

7.130 Trade cancellations

7.130.1 A key component of market integrity is the assurance that once executed, a trade will stand and will not be subject to cancellation. However, if a trade is executed as a result of an error by a trading member or its client, there may be significant adverse consequences for the affected trading member or client and therefore it is appropriate in certain circumstances to correct such errors.

7.130.2 Therefore notwithstanding any other provision of these rules or any directive, the Director: Market Regulation may, where in his opinion a central order book trade has been matched as a result of a clear error grant permission to or instruct the affected trading member or trading members to effect a trade cancellation.

7.120.9 amended with effect from 24 October 2016.
7.125 introduced with effect from 25 April 2014
7.130 name amended from "Correction trades" to "Trade cancellations" with effect from 29 April 2019
7.130.1 introduced with effect from 29 April 2019 and previous 7.130.1 renumbered 7.130.2
7.130.1.1 and 7.130.1.2 deleted with effect from 29 April 2019
7.130.2 and 7.130.3 deleted and replaced with 7.130.3 to 7.130.14 -introduced with effect from 29 April 2019
7.130.1 amended with effect from 9 May 2011

7.130.3 A request for an alleged error trade to be cancelled in terms of these rules will be considered provided that the request meets at least the following requirements:

7.130.3.1 the nature of the error is that the order submitted to the JSE trading system is different to that which the trading member or its client intended to submit at the time that the order was submitted; and

7.130.3.2 the request is received by the Director: Market Regulation within 20 minutes from the time of the erroneous trade; and

7.130.3.3 the price or contract value of the trade or trades executed in error is away from the reference price at the time that the error occurred by more than the Rand value or the percentage used to determine the no cancellation range as set out in the directives; and

7.130.3.4 the difference between the aggregate consideration or contract value of the trades that qualify in terms of 7.130.3.3 and the consideration or contract value that would have resulted had such trades been executed at the futures or the options reference price is R50 000 (fifty thousand Rand) or more; and

7.130.3.5 a passive order which has been entered into the central order book and which gives rise to an alleged error trade will only be considered for cancellation where it has been matched within 30 minutes of having been entered.

7.130.4 In making the determination as to whether an alleged error trade qualifies for cancellation in terms of rule 7.130.3, the Director: Market Regulation will also consider whether the reference price at the time that the error occurred is a representative fair value price for the relevant contract at that time. In this regard, the Director: Market Regulation will take into account all relevant factors which shall include, but not be limited to -

7.130.4.1 the market price level in the relevant underlying JSE cash market immediately prior to the error trade, if applicable;

7.130.4.2 the price movements in other expiry dates of the same contract;

7.130.4.3 in the case of options, where the volatility of trades which have occurred prior to the alleged error trade on that day, either in the same option contract or in option contracts at different strike prices for the same expiry date and on the same underlying instrument, indicates that market volatility levels have materially changed since the previous day's mark to market;

7.130.4.4 current market conditions, including volatility and liquidity; and

7.130.4.5 the release of economic data and other relevant news affecting the relevant security.

7.130.5 In exceptional circumstances, and after taking all relevant factors into account as provided for in rule 7.130.4, the Director: Market Regulation may make a determination that the futures or the options reference price at the time that the error occurred is not representative of the fair value for the relevant contract at that time and will deem another price, being a fair value price, as being more appropriate for the determination as to whether the alleged error trade qualifies to be cancelled.

7.130.6 If the Director: Market Regulation determines that the reference price at the time that the error occurred is the appropriate price to use in determining whether the alleged error trade qualifies to be cancelled, the error trade must meet the criteria set out in rule 7.130.3 in order for it to be cancelled.

7.130.7 If the Director: Market Regulation determines that a fair value price is the appropriate price to use in determining whether the alleged error trade qualifies to be cancelled, the error trade must meet the

criteria set out in rule 7.130.3 in order for it to be cancelled except that, as regards the criteria in rules 7.130.3.3 and 7.130.3.4, the fair value price will be used instead of the reference price.

7.130.8 Where the Director: Market Regulation determines that an erroneous trade needs to be cancelled, the trade will be cancelled in terms of the process set out in the directives.

7.130.9 Where an off book transaction has been reported to the JSE trading system in error in that the terms of the transaction differ to those that were agreed to by the counterparties to the trade before the reporting of the trade, the trading member or trading members shall be permitted to:

7.130.9.1 cancel an erroneous trade in currency derivatives on the JSE trading system; or

7.130.9.2 report an equal and opposite cancellation trade in bonds or interest rate derivatives to the JSE trading system;

on the same day that the erroneous trade was reported.

7.130.10 If, in the opinion of the Director: Market Regulation, an on book trade, auction trade or off book transaction materially impacts the integrity of the market, the maintenance of a fair and orderly market or the correctness of the market statistics, the Director: Market Regulation may cancel a trade executed in error, even where there has been no request from a market participant to do so.

7.130.11 If the JSE trading system experiences technical problems and matches orders that should not be matched, whether before the JSE is able to halt trading on the JSE trading system or subsequent to the resolution of the technical issue, requests for cancellation of such resultant matched trades may be submitted to the Director: Market Regulation if the trading member was unable to delete or amend their order as a result of the technical problems. Where a request is received from a trading member to cancel a trade resulting from such a match because the trading member did not intend to retain the relevant order in the central order book at the time that it was matched, the Director: Market Regulation may deal with the trade as an error trade in terms of this rule 7.130 and may authorize a trade cancellation.

7.130.12 In considering an error trade in terms of rule 7.130.11, the Director: Market Regulation will apply all of the relevant provisions of this rule 7.130 except that instead of applying the criteria in rule 7.130.3 in determining whether the trade qualifies for a trade cancellation, the Director: Market Regulation will only consider whether -

7.130.12.1 the price of the relevant trade was outside of the no cancellation range relative to the reference price at the time that a confirmation of the trade was sent to the trading member; and

7.130.12.2 the request is received by the Director: Market Regulation within 20 minutes from the time that a confirmation of the trade was sent to the trading member.

7.130.13 Where consequential trades have occurred as a direct result of an error trade, such as spread trades, the Director: Market Regulation will consider these on a case by case basis and may, after taking into consideration all relevant factors and circumstances, instruct the trading member or trading members to execute a trade cancellation or may make a determination that the consequential trades shall stand.

7.130.14 Notwithstanding any provision of rule 7.130, in considering a request from a trading member in terms of this rule, the Director: Market Regulation may decide that the alleged error trade and any consequential trades shall stand and shall not be cancelled. In arriving at his decision the Director: Market Regulation will take into account all relevant factors which shall include, but not be limited to:

7.130.14.1 the complexity and extent of any consequential trades in futures or options or trades in underlying JSE cash markets which have been triggered by the alleged error trade; or

7.130.14.2 the amount of time remaining in the trading session or before the expiry of the relevant futures or option contracts within which the JSE would be required to investigate, evaluate and conclude on the merits of an alleged error trade and any consequential trades, as well as give effect to any consequential trade cancellations or; and

7.130.14.3 the best interests of the affected market participants.

7.140 Emergency provisions

7.140.1 In order that the business of the JSE be carried out with due regard to the interests of the public in a fair and orderly market, the JSE may, in addition to the powers given in terms of the Act in circumstances of emergency, restrict or suspend trading in any or all of the instruments kept by it in its list of IRC securities for such period as the JSE may deem necessary.

7.140.2 Circumstances of emergency shall include but are not limited to the closing of any other exchange, a state of war or threatening hostilities, acts of state affecting the IRC markets or the due performance of transactions or any position, any change in the law affecting the IRC markets or the due performance of transactions or positions and any other situation or circumstances affecting, in the opinion of the JSE Executive, a fair and orderly market for the trading in IRC securities.

7.140.3 If the trading in any security or commodity on any exchange or market ceases, the JSE Executive shall consider the cessation of trading in IRC securities for which such security or commodity comprises the underlying instrument of the IRC Security concerned.

7.140.4 In the event of any of the circumstances contemplated in this rule 7.140 occurring, the Executive Officer shall notify the Registrar of such circumstances and shall co-operate with the Registrar to restore and maintain a fair and orderly market.

7.140.1 amended with effect from 9 May 2011
7.140.2 amended with effect from 1 August 2005
7.140.3 amended with effect from 1 August 2005
7.140.4 amended with effect from 1 August 2005

SECTION 8

Section 8: Clearing

Scope of Section

8.10 Applicability of Section 8
8.20 Clearing
8.30 Opening and closing-out a position
8.40 Mark-to-market
8.50 Margin payments
8.60 Interest payments
8.70 Trading and clearing fees
8.80 Settlement procedures
8.90 Exercise and assignment of option contracts

8.10 Applicability of Section 8

Section 8 shall apply to transactions in IRC securities that qualify to be cleared in terms of this section.

8.20 Clearing

8.20.1 JSE Clear will perform the clearing and ensure the performance of –

8.20.1.1 trades in derivative securities executed on the central order book of the JSE trading system; **[and]**

8.20.1.2 off book transactions in derivative securities reported to and matched by the JSE trading system;**[.]** and

8.20.1.3 bond trades if –

8.20.1.3.1 JSE Clear has determined and published that it will clear trades in the particular bond;

8.20.1.3.2 the counterparties to the trade are both trading members trading for their own account; and

8.20.1.3.3 both counterparties have elected on the JSE trading system to have the trade cleared by JSE Clear.

8.20.2 Upon the transaction being cleared, JSE Clear will replace the buyer and become the counterparty to the seller and it will replace the seller and become the counterparty to the buyer.

8.30 Opening and closing-out a position

8.30.1 When there is no position in a futures or option contract prior to a transaction in the futures or option contract being cleared, a position in the futures or option contract shall be opened and registered with JSE Clear in the name of the trading member or its client when the transaction is cleared.

8.30.2 The futures or option contracts comprising a transaction which has been cleared, shall be added to or off-set against an existing position registered in the name of the party concerned and the position shall be increased, decreased, closed out or a position in the opposite direction shall be opened, as the case may be.

8.30.3 On the expiry of an option contract of which the strike price is not better by a certain amount determined by the JSE, as set out in the directives, than the expiry price of the underlying instrument of the option contract –

8.30.3.1 the person in whose name a long position in the option contract is registered by JSE Clear shall be deemed to have sold the number of the futures contracts equal to the number comprising the position, to JSE Clear; and

8.30.3.2 the person in whose name a short position in the option contract is registered by JSE Clear shall be deemed to have bought a number of the futures contracts equal to the number comprising the position, from JSE Clear.

8.30.4 The price of the futures contract which shall apply to the sale contemplated in rule 8.30.3.1 and the purchase contemplated in rule 8.30.3.2 shall be the expiry price determined in the manner prescribed in the contract specification of the futures contract in question and the price of an option contract which shall apply to such purchase or sale shall be zero.

8.30.5 Rule 8.30.2 shall apply *ipso facto* to the futures or option contracts comprising the purchases and sales referred to in rule 8.30.3.

8.10 amended with effect from 9 May 2011
8.20.1 amended with effect from 1 August 2005 and 1 January 2023
8.20.1.2 amended with effect from 9 May 2011 and 1 January 2023
8.20.1.3 amended with effect from 9 May 2011
8.20.1.3 deleted with effect from 1 January 2023
8.20.1.4 deleted with effect from 29 April 2019
8.30.1 amended with effect from 1 January 2023

8.30.6 Where the strike price of an option contract is, on expiry, better by a certain amount determined by JSE Clear, as set out in the directives, than the expiry price of the futures contract underlying the option contract, the person in whose name a position in the futures or option contract is registered shall be deemed to have exercised the option contract in terms of rule 8.90.3.

8.30.7 On the expiry of a physically settled futures contract and on instruction from the Market Controller, the holder of a long position in the futures contract shall, through the JSE trading system, report a purchase of the underlying bonds and the holder of a short position shall, through the JSE trading system, report a sale of the underlying bonds at the price equal to that referred to in rule 8.30.4 and the purchase, sale, delivery and receipt of the underlying bonds shall take place in accordance with rule 9.

8.40 Mark-to-market

8.40.1 At 17h00**[30]** on each business day, or such other time as JSE Clear may determine on a particular business day, the positions in each derivative **[IRC]** security of all trading members and their clients will be marked-to-market on such basis as JSE Clear may determine.

8.40.2 JSE Clear may at any time on any business day mark-to-market the position in any derivative **[IRC]** security of any trading member or client if, in its sole discretion, the conditions in the IRC markets for the security or its underlying instrument warrants such additional mark-to-market.

8.40.3 At 18h00 on each business day, or such other time as JSE Clear may determine on a particular business day, the unsettled, cleared trades in each bond of all trading members will be marked-to-market on such basis as JSE Clear may determine.

8.40.4 JSE Clear may, at any time on any business day, mark-to-market the unsettled, cleared trades in any bond of any trading member if, in its sole discretion, the risk posed by any trading member, or the conditions in the market for the bond, warrant such additional mark-to-market.

8.50 Margin payments

8.50.1 Initial margin

Initial margin shall be paid to or by a trading member or client whenever the risk of loss, as determined by JSE Clear, changes with respect to the aggregate unsettled, cleared bond trades and/or derivative positions of such trading member or client. Initial margin shall be paid in cash and/or may be posted by pledging securities to JSE Clear in accordance with section 39 of the Act, subject to the rules, policies and procedures of JSE Clear. Pledged securities may be substituted by the pledge of other qualifying securities in accordance with the rules, policies and procedures of JSE Clear. JSE Clear may at any time and forthwith call for payment of cash from market participants that have pledged securities and/or have withdrawn and/or substituted securities pledged in terms of the JSE Clear Rules, to ensure that they comply with their initial margin obligations.

8.50.2 Variation margin

8.50.2.1 Variation margin shall be paid to or by a trading member or client in whose name a position in a futures or option contract is registered as the result of the marking-to-market of a position in terms of rule 8.40 or the closing out of a position or part thereof as contemplated in rule 8.30.2 or the closing out of a position as contemplated in rule 8.30.3.

8.50.2.2 Variation margin must be paid to JSE Clear by a trading member in whose name unsettled trades in bonds have been cleared by JSE Clear, as a result of an adverse marking-to-market of unsettled bond trades in terms of rule 8.40. Variation margin as a result of a favourable marking-to-market of unsettled bond trades in terms of rule 8.40 will be offset against any initial margin paid or to be paid on the unsettled bond trades

8.30.6 amended with effect from 1 January 2023
8.40.1 amended with effect from 1 January 2023
8.50.1 amended with effect from 1 September 2023.
8.50.1 amended with effect from 1 August 2005
Old 8.50.2 deleted with effect from 1 January 2023

in terms of rule 8.50.1 by a trading member in whose name unsettled trades in bonds have been cleared by JSE Clear.

8.50.3 Additional margin

8.50.3.1 A clearing member may, in terms of the JSE Clear rules, require a trading member with whom it has entered into a clearing agreement to deposit with it, with respect to the proprietary cleared bond trades and derivative positions of the trading member or the position of any of the clients of the trading member, an amount of additional margin as agreed upon between the parties in terms of the clearing agreement.

8.50.3.2 A trading member may require a resident client to deposit with it, with respect to the resident client's position, an amount of additional margin as agreed upon between the parties in terms of the client agreement.

8.50.4 Retained margin

A trading member, with respect to a resident client, may with the client's prior written agreement -

8.50.4.1 require the client to deposit an amount of money with such trading member to be used to furnish initial margin or additional margin before the trading member shall trade with the client; and/or

8.50.4.2 retain initial margin or variation margin payable to the client, or interest accruing in terms of rule 8.60.3, in anticipation of future transactions:

Provided that the money so deposited or retained shall be repaid to the client if the client has not traded with the trading member within thirty days.

8.50.5 Maintenance margin level

A trading member may agree, where a client has additional margin deposited with such trading member, that the client shall pay an amount of money to restore the additional margin when the additional margin has been used to meet payments of variation margin.

8.60 Interest payments

8.60.1 JSE Clear will manage and invest all margins held by it in terms of the JSE Clear rules and it will no later than the second day of the month following the month in which interest was received or accrued, remit such interest, net of the interest consideration to each clearing member in relation to the margin held in respect of the cleared bond trades and derivative positions of the clearing member, its clients and trading members and the clients of such trading members for the previous month.

8.60.2 Monthly in arrears a clearing member may remit the interest received in terms of the JSE Clear rules to the trading members with whom it has entered into clearing agreements in relation to the cleared bond trades and derivative positions of the trading member and their clients.

8.60.3 Subject to rule 8.50.3.2, monthly in arrears a trading member may remit the interest received in terms of rules 8.60.1 or 8.60.2, or any part thereof, to its clients in relation to the positions of such clients at any time during the preceding month.

8.70 Trading, clearing and settlement fees

8.70.1 With the exception of transactions in bonds, the JSE shall levy trading fees on a clearing member in respect of the trades of the clearing member as a trading member, its clients and the trading members with whom the clearing member has entered into clearing agreements, in an amount and in a manner

8.50.5.1 amended with effect from 12 December 2009 and with effect from 9 May 2011
New 8.50.3.1 amended with effect from 1 January 2023
8.50.5.2 amended with effect from 12 December 2009
New 8.50.4 amended with effect from 1 January 2023
8.60.1 amended with effect from 1 January 2023
8.60.2 amended with effect from 1 January 2023
8.60.3 amended with effect from 1 January 2023

as decided by the JSE Executive, and such fees may be recovered from the clearing member on behalf of the JSE by JSE Clear.

8.70.2 A trading member may levy such fees and charges for different categories of transactions as it deems fit on clients with whom it trades: Provided that such fees and charges shall be in accordance with the schedule of fees and charges which shall form part of the client agreement.

8.70.3 A trading member shall not levy a fee or any other charge on a client in respect of a transaction in terms of which it has traded as a principal with the client without the prior written agreement of the client having been recorded in the client agreement.

8.70.4 With regards to transactions in bonds, the JSE shall levy trading fees on a trading member in respect of trades of the trading member and its clients, in an amount and in a manner determined by the JSE Executive.

8.80 Payment procedures

8.80.1 With respect to its proprietary cleared bond trades and derivative positions as a trading member, the derivative positions of its clients, the derivative positions of the trading members with whom it has entered into clearing agreements and the derivative positions of the clients of such trading members, the clearing member will, in terms of the JSE Clear rules, pay to or receive from JSE Clear the net amount of –

8.80.1.1 subject to JSE Clear rule 5.11 in respect of non-resident clients, the sum of the initial margin;

8.80.1.2 the variation margin; and

8.80.1.3 the trading**[,]** fees for trades in derivative securities and the clearing **[and settlement]** fees for cleared bond trades and trades in derivative securities **[transactions in interest rate and currency derivatives]** .

8.80.2 An amount due from a clearing member in terms of JSE Clear rule 5.7.1 will be paid to JSE Clear not later than 10h00 on the business day following the day on which such payment accrued or such other time as JSE Clear may in its sole discretion determine.

8.80.3 With respect to any proprietary cleared bond trades or derivative position as a trading member, the derivative position of any of its clients, the derivative position of a trading member with whom it has entered into a clearing agreement and the derivative position of a client of such trading member which JSE Clear has marked-to-market in terms of rule 5.3.2, the clearing member will, in terms of the JSE Clear rules, pay to JSE Clear the amount of variation margin at the time stipulated by JSE Clear when the clearing member is notified by it of the mark-to-market.

8.80.4 With respect to the derivative positions of its clients as a trading member, the derivative positions of any other trading members with whom it has entered into a clearing agreement and the derivative positions of the clients of such trading members, the clearing member is acting as a settlement agent on behalf of those parties in relation to any amounts paid to or received from JSE Clear in terms of JSE Clear rules 5.7.1 and 5.7.3.

8.70.1amended with effect from 9 May 2011
Old 8.70.2 deleted with effect from 1 January 2023
Old 8.70.3 to 8.70.5 renumbered 8.70.2 to 8.70.4 respectively with effect from 1 January 2023
8.70.3 amended with effect from 1 August 2005
8.70.5 introduced with effect from 9 May 2011
New 8.70.4 amended with effect from 1 January 2023
8.80.1 amended with effect from 22 October 2021 and 1 January 2023
8.80.1.3 amended with effect from 9 May 2011
8.80.2 amended with effect from 1 January 2023
8.80.2 amended with effect from 1 September 2023
8.80.3 amended with effect from 1 January 2023
New 8.80.4 introduced with effect from 1 January 2023

8.80.5 With respect to its proprietary cleared bond trades and derivative positions as a trading member and the derivative positions of its clients, a trading member shall pay to or receive from the clearing member the net amount of –

8.80.5.1 subject to rule 10.130.2 in respect of non-resident clients, the initial margin referred to in rule 8.50.1;

8.80.5.2 the additional margin referred to in rule 8.50.3.1;

8.80.5.3 the variation margin referred to in rule 8.50.2; and

8.80.5.4 the trading**[,clearing and settlement]** fees for trades in derivative securities **[transactions in interest rate and currency derivatives]**, referred to in rule 8.70.1**[2]**, and the clearing fees for cleared bond trades and trades in derivative securities.

8.80.6 An amount due to or from a clearing member in terms of rule 8.80.5 shall be paid by such time as the trading member and the clearing member have specifically agreed upon with respect to a particular payment, provided that any payment due to a clearing member is made at a time which enables the clearing member to pay the amount due to the clearing house by no later than 10:00 on the business day following the day on which such payment accrued.

8.80.7 With respect to any proprietary cleared bond trades and derivative positions or the derivative positions of any of its clients, which JSE Clear has marked-to-market in terms of JSE Clear rule 5.3.2 or 5.3.4, the trading member shall pay to the clearing member the amount of variation margin by the time referred to in rule 8.80.3, as stipulated by JSE Clear and as notified to the trading member by the clearing member.

8.80.8 Subject to rule 10.130.1 in respect of non-resident clients, with respect to his positions a client shall pay to or receive from the trading member with whom he traded to open such positions the net amount of –

8.80.8.1 the total of the initial margin referred to in rule 8.50 for all his aggregate positions: Provided that any amount so due from the resident client shall be off-set against any retained margin referred to in rule 8.50.4;

8.80.8.2 the additional margin referred to in rule 8.50.3.2;

8.80.8.3 the variation margin referred to in rule 8.50.2; and

8.80.8.4 the trading**[,]** and clearing **[and settlement]** fees for transactions in interest rate and currency derivatives, referred to in rules 8.70.2**[3]** and 8.70.4.

8.80.9 An amount due to or from a trading member in terms of rule 8.80.8 shall be paid by such time as the trading member and the client have specifically agreed upon with respect to a particular payment, provided that any payment due to an exchange member is made at a time that enables the exchange member to pay the amount due to the clearing member and ultimately enables the clearing member to

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New 8.80.5 amended with effect from 1 January 2023
8.80.4.1 amended with effect from 12 December 2009
8.80.4.1 amended with effect from 22 October 2021
New 8.80.4.2 introduced with effect from 12 December 2009
Existing 8.80.4.2 renumbered 8.80.4.3 and amended with effect from 12 December 2009
8.80.4.3 renumbered 8.80.4.4 and amended with effect from 12 December 2009
8.80.4.4 amended with effect from 9 May 2011
Old 8.80.4 to 8.80.9 renumbered 8.80.5 to 8.80.10 respectively with effect from 1 January 2023
8.80.6 amended with effect from 1 September 2023
New 8.80.7 amended with effect from 1 January 2023
8.80.7 amended with effect from 22 October 2021
New 8.80.8 amended with effect from 1 January 2023
8.80.7.1 amended with effect from 12 December 2009
New 8.80.7.2 introduced with effect from 12 December 2009
Existing 8.80.7.2 renumbered 8.80.7.3 and amended with effect from 12 December 2009
8.80.7.3 renumbered 8.80.7.4 and amended with effect from 12 December 2009
8.80.7.4 amended with effect from 9 May 2011

pay the amount due to the clearing house by no later than 10:00 on the business day following the day on which such payment accrued.

8.80.10 With respect to the position of any client, which JSE Clear has marked-to-market in terms of JSE Clear rule 5.3.2, the client shall pay to the trading member the amount of variation margin by the time referred to in rule 8.80.3 stipulated by JSE Clear and notified to the client by the trading member.

8.90 Exercise and assignment of option contracts

8.90.1 Exercise

8.90.1.1 A client in whose name a long position in an option contract is registered with JSE Clear may exercise the option on the expiry date up to the expiry time of the option contract by either verbal or written notice to the trading member with whom he dealt in order to open the long position.

8.90.1.2 A trading member who has a proprietary long position in an option contract registered in its name with JSE Clear may exercise the option on the expiry date up to the expiry time of the option contract, and shall exercise such options, or options registered in the name of a client which are exercised on the instruction of the client, by executing the exercise on the JSE trading system in the manner prescribed by the JSE or as set out in the directives.

8.90.2 Upon the exercise of an option in terms of rule 8.90.1.2 the person in whose name the long position in the option contract was registered with JSE Clear shall be deemed to have bought or sold the underlying instrument of the option contract in question at the strike price from or to JSE Clear.

8.90.3 Assignment

When an option is exercised in terms of rule 8.90.1.2 or when an option is deemed to have been exercised in terms of rule 8.30.6, JSE Clear will, in terms of the JSE Clear rules, exercise its option to buy or sell the underlying instrument in question to or from the holder of a short position in the option contract in question: Provided that –

8.90.3.1 JSE Clear will in its sole discretion assign the exercise of the option contract or contracts to the registered holders of short positions in the option contract; and

8.90.3.2 the person to whom the exercise of the option contract is assigned in terms of rule 8.90.3.1 shall be deemed to have bought or sold the underlying instrument of the option contract.

8.80.9 amended with effect from 1 September 2023
New 8.80.10 amended with effect from 1 January 2023
8.90.1.1 and 8.90.1.2 amended with effect from 1 June 2005 and 1 January 2023
8.90.2 amended with effect from 1 January 2023
8.90.3.1 and 8.90.3.2 amended with effect from 1 January 2023

SECTION 9

Section 9: Settlement

Scope of Section

9.10 Applicability of Section 9
9.15 Settlement assurance
9.20 Settlement principles for bonds
9.30 Settlement Authority
9.35 Responsibilities of JSE Clear
9.40 Trading in bonds
9.50 Borrowing, lending or use of clients' bonds
9.60 Recording of bonds
9.70 Settlement of bonds
9.80 Non-member settled client settlement obligations
9.90 Trading member settled client settlement obligations
9.100 Trading Member settlement obligations
9.110 Reserved
9.115 Reserved
9.120 Reserved
9.125 Rolling of settlement
9.130 Reserved
9.135 Failed trade procedure applicable to transactions in bonds
9.140 Borrowing of bonds to prevent a transaction from failing
9.150 Lending of funds to prevent a transaction from failing
9.160 Carry and repurchase transactions in bonds to prevent a transaction from failing
9.170 Penalties and fees

9.10 Applicability of Section 9

Section 9 shall apply to the settlement of transactions in bonds.

9.15 Settlement assurance

9.15.1 Subject to rule 9.15.2, a trading member shall guarantee the fulfilment of all transactions in IRC securities entered into by the trading member for its own account and on behalf of a client or another trading member, executed on the central order book of the JSE trading system or reported to the JSE trading system.

9.15.2 Rule 9.15.1 shall not apply to off book transactions where-

9.15.2.1 only one trading member is involved and where the clients who are parties to such transaction have, between themselves, concluded the terms of the transaction and instructed the trading member to report the transaction to the JSE trading system. A client shall have no recourse against a trading member in respect of such transaction; or

9.15.2.2 a trading member facilitates a transaction in bonds on a name give-up basis on behalf of a client or another trading member, and the trading member is not recorded as a counterparty to the transaction reported to the JSE trading system. The client or the other trading member shall have no recourse against the facilitating trading member in respect of such transaction.

9.15.3 Except in the circumstances set out in rule 9.15.2, any action by a client in respect of a market transaction shall be against the trading member who entered into the transaction on the instruction of such client and not against any other trading member or a client of such trading member.

9.15.4 A trading member shall ensure that buyers and sellers of bonds are aware of their settlement obligations in terms of these rules. However, if a client is not aware of such settlement obligations, the client remains bound by the settlement rules contained in this section 9.

9.20 Settlement principles for bonds

Settlement of bonds shall be effected in accordance with the following principles –

9.20.1 trade by trade;

9.20.2 between the scrip root and the cash root**[;]**, and after set-off and/or netting of the obligations of JSE Clear, as recorded in these rules, in respect of cleared bond trades; and

9.20.3 rolling and contractual.

9.30 Settlement Authority

9.30.1 The Settlement Authority will manage –

[9.30.1.1 the settlement of transactions in bonds executed on the central order book of the JSE trading system;]

9.30.1.1**[2]** the settlement of all off book transactions in bonds reported to the JSE trading system as contemplated in rule 7.120, that are not being cleared by JSE Clear; and

9.30.1.2**[3]** the risks associated with the settlement of the transactions referred to in rule**[s]** 9.30.1.1 **[to 9.30.1.3]**.

9.10 amended with effect from 9 May 2011
9.15 and 9.15.1 to 9.15.4 introduced with effect from 9 May 2011
9.20.4 deleted with effect from 26 September 2017
9.20.4 amended with effect from 9 May 2011
9.30.1 amended with effect from 9 May 2011
9.30.1.1 amended with effect from 1 January 2023
Old 9.30.1.2 deleted with effect from 1 January 2023
New 9.30.1.4 introduced and Old 9.30.1.4 renumbered 9.30.1.5 with effect from 9 May 2011
Old 9.30.1.3 and 9.30.1.4 renumbered to 9.30.1.2 and 9.30.1.3 respectively with effect from 1 January 2023

9.30.2 In order to perform its functions in terms of rule 9.30.1, the Settlement Authority may –

9.30.2.1 Reserved

9.30.2.2 Reserved

9.30.2.3 Reserved

9.30.2.4 take action when the settlement of a transaction in bonds is unlikely to take place on settlement date;

9.30.2.5 instruct a trading member to enter into a carry or repurchase transaction through the trading system for its own account or on behalf of a client in order to facilitate the settlement process, and assist the trading member, when necessary and where possible, to source a willing counterparty to the carry or repurchase transaction;

9.30.2.6 instruct a trading member to borrow bonds for its own account or on behalf of a client to facilitate the settlement process, and assist the trading member, when necessary and where possible, to source a willing lender of the bonds;

9.30.2.7 levy fees, as prescribed by directive, on trading members for the loan of bonds or funds to trading members or clients in order to facilitate the settlement process;

9.30.2.8 impose penalties, as prescribed by directive, on trading members for any action or omission by a trading member which is potentially disruptive or has the effect of disrupting the settlement process and the functions of the Settlement Authority;

9.30.2.9 instruct a trading member or a client (via the trading member) to close a purchase or sale transaction at a price and on the basis set out in **[rule 9.130 or]** rule 9.135 ;

9.30.2.10 in its sole discretion and in exceptional circumstances, instruct a trading member or client (via the trading member) to roll the settlement of a purchase or sale transaction on the basis set out in rule 9.125; and

9.30.2.11 if at any stage it becomes aware of a transaction not being able to settle which may, in its sole discretion, cause systemic risk, defer the settlement of such transaction by notifying the central securities depository accordingly and extending the times referred to in rules 9.70, 9.80, 9.90, 9.100, **[9.130]** and 9.135. .

9.35 Responsibilities of JSE Clear

9.35.1 JSE Clear will manage –

9.35.1.1 the clearing and settlement of cleared bond trades between trading members executed on the IRC trading system; and

9.35.1.2 the risk associated with the settlement of cleared bond trades.

9.35.2 In order to perform its functions in terms of rule 9.35.1, JSE Clear may take action when the settlement of a cleared bond trade will not take place or is unlikely to take place on settlement date, by –

9.35.2.1 instructing a clearing member or trading member to take any action contemplated in the JSE Clear rules;

9.30.2 amended with effect from 9 May 2011
9.30.2.1 to 9.30.2.3 deleted with effect from 9 May 2011
9.30.2.5 amended with effect from 9 May 2011
9.30.2.5 amended with effect from 17 July 2018
9.30.2.6 amended with effect from 9 May 2011
9.30.2.6 amended with effect from 17 July 2018
9.30.2.9 amended with effect from 9 May 2011
New 9.30.2.10 introduced with effect from 9 May 2011
Old 9.30.2.10 renumbered 9.30.2.11 and amended with effect from 9 May 2011
9.30.2.11 amended with effect from 12 December 2025

9.35.2.2 facilitating the settlement of cleared bond trades in terms of the rolling of settlement procedures set out in JSE Clear rule 6.5, if it decides, in its sole discretion, that the circumstances merit such action;

9.35.2.3 facilitating the settlement of cleared bond trades in terms of the default procedures set out in Section 11 of the JSE Clear rules, as a result of the default of a trading member;

9.35.2.4 deferring the settlement of cleared bond trades that, in its sole discretion, could cause market or other risk if they were not to settle, by way of a notification to the CSD of the deferral and the extension of the timeframes referred to in JSE Clear rules 6.3 and 6.4.

9.40 Trading in bonds

9.40.1 A client shall only place an order in respect of bonds with a trading member if –

9.40.1.1 the client has directly or indirectly appointed a CSDP; and

9.40.1.2 the client has taken the appropriate steps to ensure that settlement of the transaction will occur on settlement date.

9.40.2 A trading member shall only place an order or report a transaction in respect of bonds on the JSE trading system if such trading member has appointed a CSDP as prescribed by directive, and has taken reasonable steps to satisfy itself that –

9.40.2.1 if a client with whom or on whose behalf the trading member is trading is not a trading member settled client, the client has appointed a CSDP and the appointed CSDP has confirmed, in the manner determined by the JSE, that the details of that client held by the CSDP correspond with and match the details of the client held by the trading member; and

9.40.2.2 settlement of the transaction will occur on settlement date.

9.50 Borrowing, lending or use of clients' bonds

With regard to the borrowing, lending or use of any bonds referred to in rule 9.60 or 10.90, a trading member may –

9.50.1 deliver such bonds to the client on whose behalf they are being held or to his order; or

9.50.2 satisfy a sale made on behalf of the client concerned; or

9.50.3 sell the bonds being held on behalf of a client, under any of the circumstances set out in rule 9.100; or

9.50.4 otherwise deal with the bonds, including the borrowing, lending or use of such bonds, in a manner set out in the mandate signed by the client and held by the trading member in terms of rule 10.90.4.

9.60 Recording of bonds

All bonds received which has been purchased on behalf of trading member settled clients shall be recorded in the trading member's accounting records on that day, so as to establish the identity of the client entitled thereto.

9.70 Settlement of bonds

9.70.1 All transactions in bonds shall only be settled electronically through the central securities depository in accordance with the principles set out in rule 9.20.

9.70.2 A trade in bonds by a trading member shall –

9.70.2.1 in accordance with rule 7.100, be allocated to a client or a trading member's proprietary account on the trade date: Provided that for same day trades due to settle on the trade date or trades due to settle on the first business day after the trade date, or where a trade on a suspense account dedicated to a particular client has not been allocated on

9.40.1.2 amended and 9.40.1.2.1 to 9.40.1.2.3 deleted with effect from 9 May 2011
9.40.2 amended with effect from 9 May 2011 and 1 January 2023
9.40.2.2.1 to 9.40.2.2.3 deleted with effect from 9 May 2011
9.70.1 amended with effect from 12 December 2025
9.70.2 amended with effect from 9 May 2011

the trade date to underlying accounts under the control of that client, to ensure that the trade still settles on settlement date, allocations to the underlying accounts may be made –

9.70.2.1.1 up to 12h00 on trade date for same day trades due to settle on the trade date;

9.70.2.1.2 up to 17h00 on trade date for trades due to settle on the first business day after the trade date; or

9.70.2.1.3 up to 12h00 on the first business day after the trade date for trades due to settle on the second or third business day after the trade date.

All late allocations, in contravention of this rule, will be effected by the Settlement Authority subject to the payment of the fee as prescribed by directive. Any late allocation shall be communicated to and accepted by the client within sufficient time to allow for the CSDP of the client to comply with rule 9.70.2.5;

9.70.2.2 if the trade is effected through a principal assignment stock account, be assigned to a client on the trade date in accordance with rule 7.110: Provided that for same day trades due to settle on the trade date or trades due to settle on the first business day after the trade date, or where a trade has not been assigned on the trade date in contravention of rule 7.110, to ensure that the trade still settles on settlement date, principal assignment trades must be effected by the trading member –

9.70.2.2.1 up to 12h00 on trade date for same day trades due to settle on the trade date;

9.70.2.2.2 up to 17h00 on the trade date for trades due to settle on the first business day after the trade date; or

9.70.2.2.3 up to 12h00 on the first business day after the trade date for trades due to settle on the second or third business day after the trade date.

All late principal assignment trades, in contravention of this rule, will be effected by the Settlement Authority subject to the payment of the fee as prescribed by directive. Any late principal assignment trades shall be communicated to and accepted by the client within sufficient time to allow for the CSDP of the client to comply with rule 9.70.2.5;

9.70.2.3 be communicated to a client on the trade date, subject to rules 9.70.2.1 and 9.70.2.2;

9.70.2.4 in the absence of notification from the client to the contrary by no later than 18h00 on the business day after the original trade, be deemed to have been accepted by the client;

9.70.2.5 with the exception of trades referred to in rule 9.70.2.6, be committed to by the CSDP of the trading member or client by no later than 13h00 for same day trades due to settle

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9.70.2.1 amended with effect from 26 September 2017
9.70.2.1 amended with effect from 9 May 2011
9.70.2.1 amended with effect from 17 July 2018
New 9.70.2.1.1 introduced with effect from 17 July 2018
Old 9.70.2.1.1 amended and changed to 9.70.2.2 with effect from 17 July 2018
Old 9.70.2.1.2 amended and changed to 9.70.2.3 with effect from 17 July 2018
Old 9.70.2.1.3 deleted with effect from 17 July 2018
9.70.2.2 amended with effect from 26 September 2017
9.70.2.2 amended with effect from 9 May 2011
9.70.2.2 amended with effect from 17 July 2018

New 9.70.2.2.1 introduced with effect from 17 July 2018
Old 9.70.2.2.1 amended and changed to 9.70.2.2.2 with effect from 17 July 2018
Old 9.70.2.2.2 amended and changed to 9.70.2.2.3 with effect from 17 July 2018
Old 9.70.2.2.3 deleted with effect from 17 July 2018
9.70.2.4 amended with effect from 17 July 2018

on trade date or by no later than 19h00 on the business day preceding the settlement date for trades due to settle on the first, second or third business day after the trade date;

9.70.2.6 if there is a direct or indirect dependency on the settlement of an off market transaction for which an exception applies in terms of the central securities depository Directives, be committed to by the CSDP of the trading member or client as soon as possible on the settlement date but no later than 13h00;

9.70.2.7 with the exception of trades referred to in rule 9.70.2.8, be settled on the trade date or the first, second or third business day after the trade date, as stipulated by the counterparties to the trade when the trade is executed on the trading system;

9.70.2.8 if the trade is a carry transaction or a forward transaction, which the counterparties to the transaction agree will be settled more than three business days after the trade date, be settled on such date as may be agreed to by the counterparties and shall be committed to by the CSDP appointed by the trading member or client by no later than 19h00 on the business day preceding the settlement date.

9.70.3 Notwithstanding rules 9.70.2.1 to 9.70.2.3 –

9.70.3.1 allocation corrections in respect of trades due to settle on the third business day after the trade date or a later settlement date may be effected up to 18h00 on the first business day after the trade date if they have not been effected on the trade date. All late allocation corrections after 18h00 on the first business day after the trade date will be corrected by the Settlement Authority subject to the payment of the fee as prescribed by directive. Any late allocation corrections shall be communicated to and accepted by the client within sufficient time to allow for the CSDP of the client to comply with rule 9.70.2.5;

9.70.3.2 Reserved;

9.70.3.3 allocations corrections in respect of trades due to settle on the first or the second business day after the trade date may be effected –

9.70.3.3.1 up to 18h00 on the trade date for trades due to settle on the first business day after the trade date; or

9.70.3.3.2 up to 18h00 on the first business day after the trade date for trades due to settle on the second business day after the trade date.

9.70.2.5 amended with effect from 26 September 2017
9.70.2.5 amended with effect from 9 May 2011
9.70.2.5 amended with effect from 17 July 2018
9.70.2.6 amended with effect from 9 May 2011
New 9.70.2.6 introduced with effect from 17 July 2018
Old 9.70.2.6 amended and changed to 9.70.2.7 with effect from 17 July 2018
9.70.2.6 amended with effect from 12 December 2025
Old 9.70.2.7 deleted with effect from 17 July 2018
9.70.2.8 introduced with effect from 9 May 2011
9.70.2.8 amended with effect from 26 September 2017
9.70.2.8 amended with effect from 17 July 2018

9.70.3.1 amended with effect from 9 May 2011
9.70.3.1 amended with effect from 26 September 2017
9.70.3.2 amended with effect from 9 May 2011
9.70.3.2 deleted with effect from 29 April 2019
9.70.3.3.1 amended with effect from 17 July 2018
9.70.3.3.2 amended with effect from 17 July 2018
9.70.4 amended with effect from 26 September 2017
9.70.4 amended with effect from 9 May 2011
New 9.70.4 introduced with effect from 17 July 2018

All late allocation corrections will be corrected by the Settlement Authority subject to the payment of the fee as prescribed by directive. Any late allocation corrections or late principal assignment corrections shall be communicated to and accepted by the client within sufficient time to allow for the CSDP of the client to comply with rule 9.70.2.5.

9.70.4 Despite a trading member or client's CSDP having committed to settle a transaction prior to the settlement date, a trading member or client may be unable to settle the transaction on the settlement date due to a dependency on the settlement of another transaction in the same bond in respect of which the CSDP of the counterparty to that transaction has not yet committed to settling. Under these circumstances the trading member or client's CSDP may be required to retract their commitment to settle the transaction pending further action by the trading member or client, or the resolution of the transaction on which there is a dependency. If by 13h00 on the settlement date, the trading member or client's CSDP has not committed to settle a transaction affected by the retraction of a previous commitment to settle, the trading member and/or client must act in accordance with rules 9.80.4, 9.90.2 or 9.100.9, as applicable.

9.70.5 If a CSDP has not committed to settle a transaction by 13h00 on the settlement date and the trading member has not subsequently taken the necessary steps, with or without the instructions of the Settlement Authority, to ensure that the trading member of client's CSDP has committed to settling the transaction by 15h00, the transaction shall be declared a failed trade and shall be dealt with in terms of the failed trade procedure as set out in rule **[9.130 or]** 9.135, unless the Settlement Authority rolls the settlement of the transaction to a subsequent date as set out in rule 9.125.

9.70.6 If a trading member advises the Settlement Authority at any stage that the CSDP of the trading member or the CSDP of a client will not be in a position to settle a transaction on settlement day and the Settlement Authority does not roll the settlement to a subsequent date, the transaction shall be declared a failed trade by no later than 15h00 on settlement day and shall be dealt with in terms of the failed trade procedure as set out in rule **[9.130 or]** rule 9.135.

9.80 Non-member settled client settlement obligations

9.80.1 Reserved

9.80.2 A non-member settled client shall in respect of off book transactions, ensure and procure that **[his]** its CSDP is in a position to commit to settle the transaction on **[his]** its behalf on the settlement date –

9.80.2.1 by no later than 13h00 on the trade date for same day trades due to settle on the trade date; or

9.80.2.2 by no later than 19h00 on the business day preceding the settlement date for trades due to settle on the first, second or third business day after the trade date, with the exception of trades referred to in rule 9.70.2.6 for which that rule will apply.

9.80.3 A commitment by a CSDP to settle a transaction on behalf of a non-member settled client in terms of rule 9.80.2 shall become unconditional as at 08h30 on the settlement date, subject to rule 9.70.4.

9.80.4 To ensure that a non-member settled client's CSDP is in a position to recommit to settle a transaction by no later than 15h00 on the settlement date if the circumstances in rule 9.70.4 arise, the client must take the necessary steps by 14h00 to cover the uncommitted transaction, which may include the borrowing of bonds or funds or entering into a carry or repurchase transaction.

Old 9.70.4 amended and changed to 9.70.5 with effect from 17 July 2018

9.70.5 amended with effect from 9 May 2011
Old 9.70.5 amended and changed to 9.70.6 with effect from 17 July 2018
9.80.1 deleted with effect from 17 July 2018
9.80.2 amended with effect from 26 September 2017
9.80.2 amended with effect from 9 May 2011
9.80.2.1 amended with effect from 17 July 2018
9.80.2.2 amended with effect from 17 July 2018
9.80.3 amended with effect from 26 September 2017
9.80.3 amended with effect from 17 July 2018

9.805 In the event that a non-member settled client fails to comply with rule 9.80.2 or 9.80.4, or is advised by the Settlement Authority that the transaction may not settle on the settlement date, the trading member which effected the transaction –

9.80.5.1 is obliged in terms of rule 9.100.9 to take the necessary steps to ensure that the transaction settles on settlement day, including the borrowing or lending of bonds or funds or entering into a carry or repurchase transaction on such non-member settled client's account; and

9.80.5.2 may proceed in the manner set out in rule 9.80.6.

9.80.6 Subject to any agreement between the trading member and the client to the contrary and the action of the Settlement Authority in terms of rule 9.100.10 or 9.100.11, in the event that a non-member settled client fails to comply with the provisions of rule 9.80.2 or 9.80.4, the trading member may –

9.80.6.1 in respect of a sale transaction, buy such bonds for the account of the client; or

9.80.6.2 in respect of a purchase transaction, sell such bonds for the account of the client.

9.80.7. The non-member settled client shall remain liable for any losses, costs and charges incurred, or charges imposed, by the trading member as a result of the trading member acting in accordance with rule 9.80.5 or 9.80.6 or any action taken by the Settlement Authority in terms of rule **[9.130 or]** rule 9.135.

9.90 Trading member settled client settlement obligations

9.901 A trading member settled client shall, in respect of off book transactions, ensure that the trading member which effected the transaction for or on behalf of such client will be in a position to settle the transaction on settlement day –

9.90.1.1 by no later than 13h00 on the trade date for same day trades that are due to settle on the trade date; or.

9.90.1.2 by no later than 19h00 on the business day preceding the settlement date, for trades that are due to settle on the first, second or third business day after the trade date, with the exception of trades referred to in rule 9.70.2.6 for which that rule will apply..

9.90.2 To ensure that the trading member's CSDP is in a position to recommit to settle a transaction on a trading member settled client's account by no later than 15h00 on the settlement date if the circumstances in rule 9.70.4 arise, the client must take the necessary steps by 14h00 to cover the uncommitted transaction, which may include the borrowing of bonds or funds or entering into a carry or repurchase transaction.

9.90.3 In the event that a trading member settled client fails to comply with the provisions of rule 9.90.1 or 9.90.2, the trading member which effected the transaction –

9.90.3.1 is obliged in terms of rule 9.100.4 to take the necessary steps to ensure that the transaction settles on settlement day, including the borrowing or lending of bonds or funds or entering into a carry or repurchase transaction on such trading member settled client's account; and

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9.80.4 amended with effect from 26 September 2017
9.80.4 amended with effect from 9 May 2011
New 9.80.4 introduced with effect from 17 July 2018
9.80.4.1 amended with effect from 9 May 2011
Old 9.80.4 amended and changed to 9.80.5 with effect from 17 July 2018
Old 9.80.5 amended and changed to 9.80.6 with effect from 17 July 2018
9.80.6 amended with effect from 9 May 2011
Old 9.80.6 amended and changed to 9.80.7 with effect from 17 July 2018
9.90.1 amended with effect from 26 September 2017
9.90.1.1 amended with effect from 17 July 2018
9.90.1.2 deleted with effect from 17 July 2018
Old 9.90.1.3 amended and changed to 9.90.1.2 with effect from 17 July 2018
9.90.2 amended with effect from 9 May 2011

9.90.3.2 may proceed in the manner set out in rule 9.90.4.

9.90.4 Subject to any agreement between the trading member and the client to the contrary and the action of the Settlement Authority in terms of rule 9.100.10 or 9.100.11, in the event that a trading member settled client fails to comply with the provisions of rule 9.90.1 or 9.90.2, the trading member may –

9.90.4.1 in respect of a sale transaction, buy such bonds for the account of the client; or

9.90.4.2 in respect of a purchase transaction, sell such bonds for the account of the client.

9.90.5 The trading member settled client shall remain liable for any losses, costs and charges incurred, or charges imposed, by the trading member as a result of the trading member acting in accordance with rules 9.90.3 or 9.90.4 or any action taken by the Settlement Authority in terms of rule **[9.130 or]** rule 9.135.

9.100 Trading member settlement obligations

9.100.1 A trading member shall at all times endeavour to ensure that the settlement of a transaction in bonds effected by the trading member takes place.

9.100.2 **[The settlement officer of]** A**[a]** trading member must immediately inform the Settlement Authority, in respect of non-cleared bond trades, or its clearing member, in respect of cleared bond trades, when any transaction in a bond is unlikely to settle.

9.100.3 No trading member may, on settlement day, stop payment in respect of a central securities depository settlement, or instruct its CSDP to revoke a commitment to settle a cleared bond trade unless the trading member has received an instruction to do so from its clearing member or from JSE Clear.

9.100.4 **[Reserved]** For same day trades due to settle on the trade date, a trading member shall ensure that the CSDP of the trading member or of a non-member settled client, as applicable, is in a position to commit to settle the transactions of the trading member or its clients by no later than 13h00 on the trade date.

9.100.5 For trades due to settle on the first, second or third business day after the trade date, a **[A]** trading member shall, **[in respect of reported transactions]** by 17h30 on the business day preceding the settlement date, make the necessary arrangements to ensure that the CSDP of the trading member or of a non-member settled client, as applicable, is in a position to commit to settle the transactions of the trading member or its clients on the settlement date **–**

9.100.5.1 **[by no later than 13h00 on the trade date for same day trades due to settle on the trade date; or]** by no later than 19h00 on the business day preceding the settlement date, with the exception of trades referred to in rule 9.70.2.6 for which that rule will apply.

9.100.5.2 **[by no later than 19h00 on the business day preceding the settlement date, for trades due to settle on the first, second or third business day after the trade date, with the exception of trades referred to in rule 9.70.2.6 for which that rule will apply]** If the trading member is unable to make such arrangements, the trading member must, for non-cleared bond trades, immediately notify the Settlement Authority, and, for cleared bond trades, immediately notify its clearing member, who will notify JSE Clear.

New 9.90.2 introduced with effect 17 July 2018
Old 9.90.2 amended and changed to 9.90.3 with effect from 17 July 2018
Old 9.90.3 amended and changed to 9.90.4 with effect from 17 July 2018
9.90.4 amended with effect from 9 May 2011
Old 9.90.4 amended and changed to 9.90.5 with effect from 17 July 2018
9.100.3 amended with effect from 12 December 2025
9.100.5 amended with effect from 9 May 2011

9.1006 A commitment by a CSDP to settle a transaction in respect of a trading member settled client and the proprietary transactions of a trading member shall become unconditional as at 08h30 on the settlement date, subject to rule 9.70.4.

9.100.7 Notwithstanding a failure to comply with rules 9.70.2.5 and 9.90.1.2, if by 19h00 on the business day preceding the settlement date, a trading member settled client remains unable to settle a reported transaction that is due to settle on the first, second or third business day after the trade date, the trading member shall continue to take the necessary steps to ensure that, by no later than 13h00 on the settlement date, the CSDP of the trading member commits to settle any transactions in respect of that trading member settled client. If by 13h00 the trading member's CSDP has still not committed to settling the transaction, the trading member must take the necessary steps to cover the uncommitted transaction, which may include the borrowing or lending of bonds or funds or entering into a carry or repurchase transaction on the client's account.

9.100.8 Notwithstanding a failure to comply with rules 9.70.2.5 and 9.80.2.2, if by 19h00 on the business day preceding the settlement date, a non-member settled client remains unable to ensure and procure that his CSDP will be in a position to commit to settling a reported transaction that is due to settle on the first, second or third business day after the trade date, the trading member shall continue to take the necessary steps to ensure that, by no later than 13h00 on the settlement date, the CSDP of the non-member settled client commits to settling the transaction. If by 13h00 the CSDP of the non-member settled client has still not committed to settling the transaction, the trading member must take the necessary steps to cover the uncommitted transaction, which may include the borrowing or lending of bonds or funds or entering into a carry or repurchase transaction on the client's account.

9.100.9 To ensure that the trading member or non-member settled client's CSDP is in a position to commit to settle a transaction by no later than 15h00 on the settlement date, if the circumstances in rules 9.70.4, 9.100.7 or 9.100.8 arise, the trading member must take the necessary steps by 14h00 to ensure that the uncommitted transaction is covered. If the trading member fails to take the necessary steps to cover the uncommitted transaction by 14h00, the Settlement Authority will instruct the trading member to take the necessary steps to cover the transaction, and the trading member must ensure that the trading member or non-member settled client's CSDP has committed to settling the transaction by no later than 15h00.

9.100.10 If a client, at any stage, advises a trading member or the trading member otherwise becomes aware, that the client is not able to settle a transaction, the trading member shall endeavour to enter into an arrangement to ensure that the transaction settles on settlement day. If the trading member is unable to enter into such an arrangement, the trading member shall immediately notify the Settlement Authority.

9.100.11 If the Settlement Authority receives notification in terms of rule 9.100.10, and either rolls the settlement in terms of rule 9.125 or declares the transaction to be a failed trade in terms of rule 9.70.5, the trading member shall act in accordance with the instructions received from the Settlement Authority in terms of rule 9.125**[, 9.130]** or 9.135 as applicable.

9.100.12 A trading member shall not use a client's bonds balances to settle the obligations of –

9.100.12.1 another client; or

9.100.6 amended with effect from 26 September 2017
9.100.7 amended with effect from 26 September 2017
9.100.7 amended with effect from 9 May 2011
9.100.7 amended with effect from 17 July 2018
9.100.8 deleted with effect from 17 July 2018
9.100.9 amended with effect from 26 September 2017
Old 9.100.9 amended and changed to 9.100.8 with effect from 17 July 2018
New 9.100.9 introduced with effect from 17 July 2018
9.100.11 deleted with effect from 17 July 2018
9.100.12 amended with effect from 9 May 2011
Old 9.100.12 amended and changed to 9.100.11 with effect from 17 July 2018
Old 9.100.13 changed to 9.100.12 with effect from 17 July 2018
Old 9.100.14 changed to 9.100.13 with effect from 17 July 2018

9.100.12.2 the trading member.

9.100.13 A contravention of rule 9.100.12**[3]** by a trading member may, in the discretion of the JSE, be deemed to constitute an act of default in terms of rule 11.10.2.

9.110 Reserved

9.115 Reserved

9.120 Reserved

9.125 Rolling of settlement

9.125.1 The rolling of settlement of non-cleared bond trades will be carried out in the following manner:

9.125.1.1 The Settlement Authority will obtain a list of failed settlements from the central securities depository, which will include the failed trade leg, as well as the opposite trade leg and any other trades that may be linked to the failed settlement;

9.125.1.2 The Settlement Authority will advise the failing and non-failing trading members that the transaction will be rolled to a revised settlement date determined by the Settlement Authority;

9.125.1.3 The failing and non-failing trading members will be instructed to re-book the original transaction at the original yield for settlement on the revised settlement date**[.]**; and

9.125.1.4 If settlement does not take place on the revised settlement date, the transaction may, at the discretion of the Settlement Authority, either be rolled to another revised settlement date, under exceptional circumstances, or be declared to be a failed trade, and the affected trading members must act in accordance with the instructions received from the Settlement Authority in terms of rule 9.135.

9.125.2 **[If settlement does not take place on the revised settlement date, the transaction may, at the discretion of the Settlement Authority, either be rolled to another revised settlement date, under exceptional circumstances, or be declared to be a failed trade, and the affected trading members must act in accordance with the instructions received from the Settlement Authority in terms of rule 9.135.]**The rolling of settlement of cleared bond trades will be carried out in accordance with JSE Clear rule 6.5, following a determination by JSE Clear to roll settlement to a later date. In terms of JSE Clear rule 6.5:

9.125.2.1 Rolled cleared bond trades shall remain at the original transaction price and shall settle on the revised settlement date determined by JSE Clear; and

9.125.2.2 If settlement does not take place on the revised settlement date, JSE Clear may, under exceptional circumstances, roll the settlement to another revised settlement date or declare a failed trade, in which case the affected trading member must act in accordance with the instructions issued by JSE Clear and these rules.

9.110 and 9.110.1 to 9.110.8 deleted with effect from 9 May 2011
9.115 and 9.115.1 to 9.115.7 deleted with effect from 9 May 2011
9.120 deleted with effect from 1 January 2023
9.125 introduced with effect from 9 May 2011
9.125.1 to 9.125.5 introduced with effect from 12 July 2010
9.125.1 amended with effect from 26 September 2017
9.125.1.1 amended with effect from 12 December 2025
9.125.1.3 amended with effect from 17 July 2018
9.125.3 deleted with effect from 17 July 2018
9.125.4 deleted with effect from 17 July 2018
9.125.5 deleted with effect from 17 July 2018
9.125.2 amended with effect from 1 January 2023

9.130 Reserved

9.135 Failed trade procedure applicable to transactions in bonds

9.135.1 A failed trade arising out of a non-cleared transaction in bonds shall be dealt with in the following manner:

9.135.1.1 the Settlement Authority will obtain a list of failed settlements from the central securities depository, which will include the failed trade leg as well as the opposite trade leg and any other trades that may be linked to the failed settlement;

9.135.1.2 the transactions selected in terms of rule 9.135.1.1 shall be closed at a price to be determined by the Settlement Authority in accordance with principles set out in the directives. This price may differ from the original transaction price and will include compensation for the trading members or clients whose transactions are being closed;

9.135.1.3 the non-failing trading member shall claim any losses and compensation resulting from the close out of the transaction from the failing trading member. Failure by the failing trading member to pay such funds shall be in contravention of these rules and directives, and may, in the discretion of the JSE, be deemed to constitute an act of default in terms of rule 11.10.

9.135.2 A failed trade arising out of a cleared transaction in bonds shall be dealt with in accordance with JSE Clear rule 6.6, following a determination by JSE Clear that the settlement of a cleared bond trade will fail.

9.140 Borrowing of bonds and carry or repurchase transactions to prevent a trade from failing

9.140.1 If a trading member –

9.140.1.1 is not able to comply with rule 9.100.9 in respect of a non-cleared bond transaction; or

9.140.1.2 at any time notifies the Settlement Authority or the Settlement Authority otherwise becomes aware, that a trading member or client will not be able to settle a non-cleared bond transaction on settlement day,

the Settlement Authority will instruct the trading member to borrow the bonds or enter into a carry or repurchase transaction, as is necessary for the trading member or client to comply with their obligations to settle the transaction.

9.150 Reserved

9.160 Reserved

9.170 Penalties and fees

9.170.1 The Settlement Authority may –

9.130 deleted with effect from 1 January 2023
9.135 introduced with effect from 9 May 2011
9.135.1 introduced with effect from 9 May 2011
9.135.1 amended with effect from 26 September 2017
9.135.1.1 amended with effect from 12 December 2025

9.140 heading amended with effect from 17 July 2018
9.140.1.amended with effect from 17 July 2018
9.140.2 deleted with effect from 17 July 2018
9.140.3 deleted with effect from 17 July 2018
9.140.4 deleted with effect from 17 July 2018
9.150 deleted with effect from 17 July 2018
9.160 amended with effect from 9 May 2011
9.160 deleted with effect from 17 July 2018

9.170.1.1 impose a penalty on a trading member which fails to effect instructions or settlement in accordance with the settlement timetable as prescribed by directive; and

9.170.1.2 charge any trading member the fees associated with settlement of bonds as prescribed by directive.

9.170.2 The penalty referred to in rule 9.170.1.1 shall be levied in accordance with a schedule as prescribed by directive.

9.170.3 Payment of the penalty imposed or fees charged in terms of rule 9.170.1 shall be made to the Settlement Authority within five business days of notification.

9.170.4 A client must pay any penalty imposed on the trading member by the Settlement Authority where the client was at fault or where the client was responsible for causing a failed trade.

SECTION 10

Section 10: Conduct of Business

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General provisions

10.10 Trading and position limits

10.10.1 JSE Clear may, in terms of the JSE Clear rules, limit the aggregate exposure arising from the proprietary positions of a clearing member, the positions of the clients of the clearing member, the positions of trading members with which the clearing member has entered into clearing agreements and the positions of the clients of such trading members in a manner determined by JSE Clear.

10.10.2 The clearing member may, in terms of the JSE Clear rules, limit the aggregate exposure arising from the proprietary positions of a trading member and the positions of the clients of such trading member.

10.10.3 A clearing member may stipulate a limit to the number of futures and option contracts or a nominal value of bonds that may constitute a transaction by a particular trading member at any one time.

10.20 Trading and position records

10.20.1 A trading member shall at all times maintain records of –

10.20.1.1 its proprietary transactions and transactions for or on behalf of other trading members and clients;

10.20.1.2 margin and other payments to and from JSE Clear, other trading members and their clients.

10.20.2 A trading member shall confirm to a client at least once a month –

10.20.2.1 the transactions done with or on behalf of the client during the period;

10.20.2.2 the futures and option contract positions of the client at the time of reporting;

10.20.2.3 the bonds positions of the client at the time of reporting, where a trading member has custody and control over such instruments;

10.20.2.4 the balances of additional and retained margin held for the client at the time of reporting; and

10.20.2.5 all payments to and from the client made or accrued during the period, including payments of margin, fees and interest.

10.20.3 The records referred to in rule 10.20.1 shall be kept for a period of at least five years.

10.30 Telephone recordings

10.30.1 The JSE and trading members may tape-record all telephone calls.

10.30.2 A trading member must tape-record all telephonic orders received from or made to clients.

10.30.3 With respect to such telephone calls, the tape-recording shall be admissible as evidence in any disciplinary or dispute resolution proceedings contemplated in these rules: Provided that the person who intends to rely on such tape recordings in evidence shall bear the onus of proving the authenticity thereof.

10.30.4 All parties to the prescribed agreements shall in such agreement acknowledge and confirm that they are aware that telephone calls may be recorded, and they shall be deemed to have irrevocably consented thereto.

10.30.5 No trading member shall tamper with any tape-recording of any telephone call.

10.30.6 Tape-recordings contemplated in rule 10.30.2 shall be retained by the trading member for a period of at least 14 days.

10.10.1 amended with effect from 12 December 2009 and 1 January 2023
10.10.2 amended with effect from 12 December 2009 and 1 January 2023
10.10.3 amended with effect from 12 December 2009
10.30.1 amended with effect from 1 January 2023
10.30.3 amended with effect from 1 August 2005
10.30.6 amended with effect from 9 May 2011

Management of trading members' and clients' accounts

10.40 Separation of funds and IRC securities

A trading member –

10.40.1 shall at all times separate a client's or other trading member's assets, including funds, the IRC securities and other corporeal and incorporeal things of the client or other trading member, from its own assets;

10.40.2 may not co-mingle the funds or IRC securities of any client or another trading member with its own;

10.40.3 may not allow the use of funds or IRC securities or corporeal or incorporeal things belonging to any client or other trading member to finance its own transactions or the transactions of any other person;

10.40.4 may not allow the use of funds or IRC securities or corporeal or incorporeal things of any client or other trading member to operate its own business; and

10.40.5 in respect of the transactions or positions of a trading member or client, may not retain any funds, IRC securities or other corporeal or incorporeal things given by such trading member or client or received by the trading member on behalf of any person other than additional margin or retained margin, or IRC securities as contemplated in terms of rule 10.90.1.

10.50 Management of funds by JSE Clear

10.50.1 JSE Clear shall separate the margins and other monies, IRC securities and other corporeal and incorporeal things of any clearing member, trading member or client from its own assets and will manage and invest such margins and other monies in a manner and subject to such terms and conditions as the controlling body of JSE Clear may decide.

10.50.1.1 A clearing member may deposit any additional margin kept by it in terms of rule 8.50.3.1 with JSE Clear.

10.50.1.2 A trading member may deposit any additional margin kept by it in respect of its resident clients in terms of rule 8.50.3.2 with JSE Clear.

10.50.2 JSE Clear will monthly in arrears, retain an interest consideration as determined and published in a notice by JSE Clear on any margins held by it in respect of any position registered in the name of any person during the month.

10.60 Reserved

10.70 Trading members' bank accounts

10.70.1 The provisions of this rule 10.70 apply in respect of additional margin and retained margin not deposited by a trading member with JSE Clear, and in respect of any other client funds held by a trading member.

10.70.2 A trading member shall, at all times, keep a separate bank account into which it must deposit, or in which it must hold, any additional margin kept by it in terms of rule 8.50.3, any retained margin held on behalf of a client, or any other client funds held by the trading member.

10.40 amended with effect from 1 August 2005
10.40.1 amended with effect from 1 August 2005
10.40.2 amended with effect from 1 August 2005
10.40.3 amended with effect from 1 August 2005
10.40.4 amended with effect from 1 August 2005
10.40.5 amended with effect from 1 August 2005
10.50.1 amended with effect from 1 August 2005 and 1 January 2023
10.50.1.1 introduced with effect from 12 December 2009 and amended with effect from 1 January 2023
10.50.1.2 introduced with effect from 12 December 2009 and amended with effect from 1 January 2023
10.50.2 amended with effect from 1 January 2023
10.60 deleted with effect from 1 January 2023
New 10.70.1 introduced with effect from 12 December 2009 and amended with effect from 1 January 2023
Existing 10.70.1 renumbered 10.70.2 with effect from 12 December 2009
10.70.2 amended with effect from 1 January 2023

10.70.3 A trading member shall, at all times, ensure that the correct amount of additional margin as required by the client agreement with the client is held in respect of each client with which it has entered into a client agreement.

10.70.4 A trading member's records shall, at all times, reflect the amount of additional margin, retained margin or other client funds held in respect of each client.

10.80 Trading members' accounts at CSDPs for bonds

A trading member which has control over and custody of the bonds holdings of one or more of its clients shall operate separate accounts at its CSDP for the purpose of segregating the custody positions of its clients from its proprietary positions.

10.90 Trading members' control of client holdings in bonds

10.90.1 Where a trading member has control over the bonds holdings of its clients, the details of such client bonds holdings shall be recorded in its accounting records in a manner that will render it possible at any time to establish readily the identity of the persons entitled to the ownership of such bonds.

10.90.2 A trading member that controls bonds holdings on behalf of its clients must balance and reconcile, on at least a weekly basis, its own client holdings records with the custody balances as reflected by its CSDP. Any reconciling differences identified between the respective records must be rectified within one day, unless there are circumstances beyond the control of the trading member that prevent a difference from being resolved within one day, in which case the difference must be rectified as soon as is reasonably possible.

10.90.3 At the request of the JSE, the trading member shall provide the JSE with a copy of the reconciliations performed in terms of rule 10.90.2 above, together with full details and explanations of reconciling items.

10.90.4 Any arrangements entered into between a client and a trading member whereby the trading member exercises control over the client's bonds holdings, shall be provided for in the client agreement that shall contain the minimum requirements as set out in Directive DD.

10.90.5 A trading member shall ensure that only suitably authorised persons are able to withdraw or transfer a trading member settled client's bonds from a client custody account held with the CSDP of the trading member.

10.90.6 A trading member shall be precluded from controlling or having custody over the holdings of its non-resident clients in bonds unless it is an authorised bank.

10.95 IRC securities held as collateral

10.95.1 In accordance with section 39 of the Act, a pledge or cession in *securitatem debiti* of uncertificated bonds held by a trading member on behalf of a client must be effected by means of an entry by the trading member in the pledgor or cedent's account in the trading member's accounting records specifying –

10.95.1.1 the name of the pledgee or cessionary (either the trading member or a third party);

10.95.1.2 the quantity of uncertificated bonds pledged or ceded; and

10.95.1.3 the date of the entry.

10.95.2 A pledge or cession referred to in rule 10.95.1 should not be effected without a written agreement between the parties to the pledge or cession and the trading member should keep a record of such agreements.

10.70.2 renumbered 10.70.3 with effect from 12 December 2009 and amended on 1 January 2023
10.70.3 renumbered 10.70.4 with effect from 12 December 2009 and amended on 1 January 2023
10.90.2 amended with effect from 25 April 2014
10.90.4 amended with effect from 9 May 2011
10.95 introduced with effect from 25 April 2014
10.90.6 amended with effect from 22 October 2021

10.100 Relaxation or indulgence given by a trading member

A trading member who gives any relaxation or indulgence to a client regarding the payment of margin, whether initial margin, **[settlement margin,]** variation margin, **[top-up margin]** or additional margin, shall be deemed to have granted the client a loan repayable on demand in the amount of the shortfall for the period of the relaxation or indulgence at a rate of interest specified in the client agreement between them. If no rate is specified, the trading member's customary rate shall apply or if there is no customary rate, the rate determined in terms of the Prescribed Rate of Interest Act No. 55 of 1975 shall apply. The trading member shall, if such loan is for a period exceeding two business days, immediately inform the client thereof in writing.

10.105 Acceptance of cash deposits

No trading member shall knowingly receive or accept a deposit of cash from any person exceeding an amount of R5 000. For the purpose of this rule "cash" shall mean coin and paper money of the Republic or any other country. A trading member shall not receive or accept two or more cash amounts exceeding R5 000 in total with the purpose of avoiding compliance with this rule.

Non-Resident and Emigrant Clients

10.110 Bank accounts

Before a trading member trades with a non-resident client, the non-resident client shall open a non-resident account at an authorised bank to be used for the purposes of trading in IRC securities.

10.120 Margins payable

The initial margin payable with respect to the open futures and option contract positions of a non-resident client shall be the initial margin that would otherwise have been payable by or to a trading member or a resident client in relation to equivalent positions, adjusted by the margin category assigned by the trading member in question to the non-resident client, and a trading member may not hold any retained or additional margins in relation to the positions of any non-resident client.

10.130 Settlements

10.130.1 With respect to his open futures and option contract positions, a non-resident client shall pay from his non-resident account to, or receive into his non-resident account from the client trust account of the trading member with whom he traded to open such positions, the net amount of the initial margin and variation margin: Provided that –

10.130.1.1 the initial margin to be paid in terms of this rule 10.130.1 shall be the initial margin that would otherwise be required to be paid to JSE Clear in respect of equivalent positions of a trading member or a resident client adjusted by the margin category assigned by the trading member to the non-resident client in question;

10.130.1.2 a trading member must comply with any applicable Exchange Control Regulations as determined by the South African Reserve Bank regarding the payment of any interest and fees contemplated in rules 10.130.5 and 10.140 respectively in respect of a non-resident client; and

10.130.1.3 a trading member may not hold any retained or additional margin with respect to the positions of a non-resident client.

10.105 introduced with effect from 1 August 2005
10.110 amended with effect from 1 August 2005
10.110 amended with effect from 22 October 2021
10.120 amended with effect from 9 May 2011
10.120 amended with effect from 22 October 2021 and 1 January 2023
10.130.1 amended with effect from1 January 2023
10.130.1.1 amended with effect from 9 May 2011
10.130.1.1 amended with effect from 22 October 2021 and 1 January 2023
Old 10.130.3 deleted with effect from 1 January 2023
10.130.1.4 amended with effect from 22 October 2021 and renumbered to 10.130.3 with effect from 1 January 2023

10.130.2 The confirmation contained in the SWIFT non-resident account notification to the authorised bank shall confirm the net settlement amounts to be paid or received in terms of rule 10.130.1, and shall require the authorised bank to release or accept this amount to or from the trading member concerned.

10.130.3 The clearing member or JSE Clear, as the case may be, may off-set amounts due to it against amounts due by it to or from a trading member: Provided that it can be ascertained from the statements passing between them that no margins or other monies of a non-resident client are being held by either JSE Clear or the clearing member.

10.130.4 A trading member may not off-set the amounts due to a non-resident client against any amount due from any other non-resident client.

10.130.5 A trading member shall not retain any interest paid to it by JSE Clear or its clearing member with respect to the open futures and option contract positions or unsettled bonds positions of a non-resident client, and on the second business day following the end of each month during which a non-resident client client had a position registered in his name, the trading member shall pay to the authorised bank concerned for the credit of that non-resident client's non-resident account an amount equal to the amount received by it from its clearing member or JSE Clear, as the case may be, in respect of interest on margins: Provided that a clearing member who has a clearing agreement with the trading member concerned shall pay to the trading member an amount equal to that which it received in respect of the non-resident client's position from JSE Clear.

10.130.6 A trading member may not off-set amounts due to be paid from a non-resident client's non-resident account against amounts to be paid into that non-resident client's non-resident account.

10.130.7 The amount of interest referred to in rule 10.130.5 shall be paid by the trading member to the authorised bank concerned by midday on the next business day after the business day on which the SWIFT non-resident account notification was received by the authorised bank concerned.

10.140 Trading, clearing and settlement fees

The trading member shall be entitled in terms of rule 8.70.3 to claim payment for trading, clearing and settlement fees in respect of transactions with a non-resident client from the authorised bank concerned out of that non-resident client's non-resident account: Provided that–

10.140.1 a trading member shall not be entitled to off-set such fees against margin due by it to a non-resident client contemplated in rule 10.130.1 or 10.130.2 or against any balance due to the non-resident client as contemplated in rule 11.30.5; and

10.140.2 the authorised bank concerned shall compare the transactions referred to in the non-resident account clearance certificate against the transactions referred to in the trading member's statement claiming such fees in respect of such transactions and may inform the JSE of any discrepancy.

10.130.2 amended with effect from 22 October 2021 and 1 January 2023
10.130.3 amended with effect from 22 October 2021
10.130.4 amended with effect from 22 October 2021
10.130.5 amended with effect from 22 October 2021
10.130.6 amended with effect from 22 October 2021
10.130.7 amended with effect from 1 January 2023
10.140 amended with effect from 9 May 2011
10.140 amended with effect from 22 October 2021
10.140.1 amended with effect from 22 October 2021
10.140.2 amended with effect from 22 October 2021

10.150 Reserved.

Management of Investments

10.160 Authority to manage investments in IRC securities

All trading members are authorised to manage investments comprising IRC securities: Provided that they comply with the provisions of this rule, and all other applicable rules, and undertake such management in compliance with the client agreement referred to in rule 7.80.1. This rule shall, however, not apply to a trading member if the trading member is a bank or if the majority of such trading member's intermediary services do not relate to trading in JSE listed securities as an authorised user of any of the JSE markets. Such a trading member shall be required to obtain a licence to operate as a financial services provider in terms of the FAIS Act in respect of any advice or intermediary services which it provides to clients relating to IRC securities, and the relevant provisions of that Act shall apply to such advice or intermediary services.

10.170 Trading as an investment manager in IRC securities

10.170.1 A trading member may not trade as an investment manager in IRC securities for or on behalf of a client unless it has concluded a discretionary client agreement with the client and the client has been registered with the JSE as a client of that trading member in terms of rule 7.80.2.

10.170.2 An investment manager may not directly or indirectly buy or sell IRC securities for or from its own account or any account in which an employee has a direct or indirect beneficial interest, to or from a client.

10.180 Management and investment advice in respect of JSE authorised investments other than IRC securities

10.180.1 This rule is only applicable to trading members whose investment management activities in relation to IRC securities are regulated by the JSE in terms of rule 10.160.

10.180.2 The provisions of rules 10.180.4 to 10.180.13 shall not apply to a trading member if the trading member is a bank or if the majority of such trading member's intermediary services do not relate to trading in JSE listed securities as an authorised user of any of the JSE markets. Such a trading member shall be required to obtain a licence to operate as a financial services provider in terms of the FAIS Act in respect of any advice or intermediary services which it provides to clients relating to JSE authorised investments other than IRC securities and the relevant provisions of that Act shall apply to such advice or intermediary services.

10.180.3 The provisions of rules 10.180.4 to 10.180.13 shall not apply to a trading member in respect of transactions in JSE authorised investments other than IRC securities where such transactions relate to securities listed on an exchange other than the JSE, and where such transactions are conducted as an authorised user of such exchange. Such transactions will instead be subject to the rules of the relevant exchange.

10.180.4 A trading member may not enter into transactions as an investment manager in JSE authorised investments other than IRC securities on behalf of clients or provide investment advice to any clients in respect of such investments unless it has notified the Director: Market Regulation, in writing, of its intention to effect such transactions or provide such investment advice.

10.180.5 In order for the JSE to identify the scope of an investment manager's activities in JSE authorised investments other than IRC securities, the written notification to the Director: Market Regulation

10.150 deleted with effect from 22 October 2021
10.160 amended with effect from 1 August 2005
10.160 amended with effect from 9 May 2011
10.170 amended with effect from 1 August 2005
10.170.1 amended with effect from 9 May 2011
10.170.2 amended with effect from 1 August 2005
10.180 amended with effect from 1 August 2005
10.180.1 to 10.180.3 introduced with effect from 1 August 2005
10.180.3 amended with effect from 9 May 2011
10.180.1 to 10.180.10 renumbered 10.180.4 to 10.180.13 and amended with effect from 1 August 2005

referred to in rule 10.180.4 shall indicate which specific investments the investment manager is intending either to transact in on behalf of its clients or to provide investment advice on, or both.

10.180.6 The details which are required to be submitted to the Director: Market Regulation in terms of rule 10.180.5 shall specify the particular types of JSE authorised investments other than IRC securities in which activity is to be conducted, but need not include the name of the particular investments.

10.180.7 The failure by an investment manager to provide the notification referred to in rules 10.180.4 and 10.180.5 prior to undertaking the relevant activity may result in the JSE imposing restrictions or a prohibition on the investment manager's activities in JSE authorised investments other than IRC securities.

10.180.8 If an investment manager has previously notified the Director: Market Regulation in terms of rules 10.180.4 and 10.180.5 of its intention to conduct activity in any JSE authorised investments other than IRC securities and the investment manager ceases to conduct activity in respect of one or more particular types of investments, with no intention of resuming activity in such investments in the foreseeable future, the investment manager shall notify the Director: Market Regulation forthwith, in writing, of such cessation of activity.

10.180.9 Any decision by an investment manager to invest in JSE authorised investments other than IRC securities on behalf of a client shall be made with due regard to the relevant provisions of rule 10.220 regarding the conduct of trading members, particularly the provisions relating to the general conduct towards clients in rule 10.220.2 and the exercise of discretion in rule 10.220.3.

10.180.10 An investment manager shall not effect transactions in JSE authorised investments other than IRC securities on behalf of a client unless the client has given his general consent to such transactions being effected in a written mandate.

10.180.11 Every investment manager who purchases JSE authorised investments other than IRC securities on behalf of a client and who is accountable to the client for the client's investment in such instruments shall comply with the following requirements –

10.180.11.1 the relevant investments shall be segregated from the investment manager's own assets at all times. If the JSE authorised investments other than IRC securities are held in an account maintained by another financial services provider, the account shall either be opened in the client's own name or, if the investment manager opens a single account in respect of transactions executed on behalf of more than one client, the investment manager shall procure that the account is clearly designated in the records of the relevant financial services provider as being an account utilised for investments made by the investment manager on behalf of its clients;

10.180.11.2 the investment manager shall maintain proper accounting records in respect of all JSE authorised investments other than IRC securities purchased or sold on behalf of clients. These records shall be updated forthwith in respect of any transactions in JSE authorised investments other than IRC securities and shall clearly identify the beneficial owners of all such investments at all times; and

10.180.11.3 the investment manager must balance its clients' holdings in JSE authorised investments other than IRC securities, as reflected in the investment manager's records, with the accounts maintained by the other financial services providers who hold such investments, on a monthly basis. Any differences identified between the respective records must be rectified forthwith.

10.180.12 Every investment manager who holds JSE authorised investments other than IRC securities on behalf of a client or who is accountable to a client for such investments shall implement and maintain an effective system of internal controls to safeguard such investments and prevent unauthorised access thereto.

10.180.13 Transactions by an investment manager in JSE authorised investments other than IRC securities which constitute foreign investments shall also be subject to rule 10.190.

10.180.11 and 10.180.12 deleted with effect from 1 August 2005

10.190 Management of Foreign Investments

10.190.1 For the purpose of this rule, foreign investments means –

10.190.1.1 securities listed on an external exchange;

10.190.1.2 units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes in terms of section 65 of the Collective Investment Schemes Control Act, 2002;

10.190.1.3 units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; and

10.190.1.4 foreign funds intended for the purchase of such securities, units or participation.

10.190.2 An investment manager shall not enter into transactions in foreign investments on behalf of a client unless:

10.190.2.1 the mandate entered into between the investment manager and the client in terms of 10.180.10 –

10.190.2.1.1 stipulates that the investment manager is authorised to invest in foreign investments;

10.190.2.1.2 contains a statement pertaining to the risks associated with foreign investments, with particular reference to any currency risk;

10.190.2.1.3 states whether there are any jurisdiction restrictions in respect of the particular foreign investments; and

10.190.2.1.4 contains full particulars of the manner in which such investments shall be made and in whose name such investments shall be held or registered;

10.190.2.2 the client has obtained the prescribed tax clearance certificate from the South African Revenue Service.

10.190.3 An investment manager must, on request by a client, furnish the client with the following information regarding any foreign investments made by the investment manager on behalf of the client –

10.190.3.1 the name of the licensed external exchange on which the foreign investments are listed, if applicable;

10.190.3.2 the country in which the foreign investments are licensed or registered and the name and address of the relevant licensing or registration authority, if applicable;

10.190.3.3 the name and address of the foreign financial services provider used by the investment manager to purchase or hold the foreign investments, if applicable; and

10.190.3.4 the name and address of the regulator of the foreign financial services provider referred to in rule 10.190.3.3 and whether such foreign financial services provider is approved or registered by such regulator.

10.200 Trading with a discretionary financial services provider

A trading member shall not effect a transaction with a person whom the trading member reasonably believes requires authorisation as a discretionary financial services provider or the status of a representative in terms of the FAIS Act, without having taken reasonable measures to ascertain that such person has the required authorisation or status.

10.205 Conducting business with a nominee

10.190.1.1 amended with effect from 1 August 2005
10.190.1.4 amended with effect from 1 August 2005
10.190.2.1 amended with effect from 1 August 2005
10.190.3.1 amended with effect from 1 August 2005

A trading member may not operate a client account on behalf of a person whom the trading member believes or suspects requires approval to act as a nominee under section 76 of the Act without having taken reasonable measures to ascertain that such person has the necessary approval.

10.210 Client statements

10.210.1 An investment manager must provide a written statement to a client on a monthly basis which complies with rules 10.210.2 and 10.210.3.

10.210.2 A client statement must contain such information as is reasonably necessary to enable the client to –

10.210.2.1 produce a set of financial statements;

10.210.2.2 determine the composition of the investments comprising the portfolio held by the trading member or for which the trading member is accountable to the client and the changes thereto over the reporting period, if applicable; and

10.210.2.3 determine the market value of the investments comprising the portfolio held by the trading member or for which the trading member is accountable to the client and the changes therein over the reporting period, if applicable.

10.210.3 Pursuant to rule 10.210.2, and to provide the client with the information necessary for them to review the operation of their account and make appropriate investment decisions, a client statement must contain at least the following information:

10.210.3.1 the quantity, description and market value of each investment comprising the portfolio held by the trading member or for which the trading member is accountable to the client, at the reporting date;

10.210.3.2 the amount of funds held by the trading member or which has been invested by the trading member on behalf of the client and for which the trading member is accountable to the client, at the reporting date;

10.210.3.3 if any of the investments or funds are reflected in a foreign currency, the relevant currency exchange rate at the reporting date must also be reflected;

10.210.3.4 investments purchased or sold during the reporting period;

10.210.3.5 receipts and payments of funds during the reporting period;

10.210.3.6 details of income earned and expenditure incurred during the reporting period;

10.210.3.7 non-cash transactions during the reporting period, including non-cash components of corporate actions and option expiries;

10.210.3.8 investments transferred into and out of the portfolio during the reporting period;

10.210.3.9 identification of those investments which at the reporting date were loaned to any third party but for which the trading member is still accountable to the client;

10.210.3.10 the quantity, description and market value of any financial products, or the amount of funds, held as collateral by the trading member on behalf of the client in respect of any loans made by the client;

10.210.3.11 identification of those investments or funds which at the reporting date were utilised to secure loans to the client or borrowings made on behalf of the client;

10.210.3.12 identification of those investments or funds which at the reporting date were utilised as margin in respect of open positions in any financial product;

10.210.3.13 in respect of investments in derivative instruments, a description of the underlying financial product, index, commodity or thing, the expiry month and in the case of options, the exercise or strike price; and

10.205 introduced with effect from 25 April 2014
10.210.3.13 amended with effect from 1 August 2005

10.210.3.14 if the statement reflects any investments or funds which are not held by the trading member and for which the trading member is not accountable to the client, it should clearly indicate that fact in relation to such investments or funds.

10.210.4 The information referred to in rule 10.210.3 may be provided to the client in separate statements either during the reporting period or as at the reporting date.

10.210.5 A client statement shall be provided either to the client or to an agent or third party nominated by the client in writing.

10.215 Exercising of discretion and provision of investment advice by employees

A trading member shall, in the course of its business, exercise discretion in the management of JSE authorised investments and provide investment advice to its clients on the buying and selling of JSE authorised investments only through an employee who has obtained such qualification as may be prescribed in the directives.

Ethics and conduct

10.220 Code of conduct

10.220.1 Standards of integrity

A trading member shall, in the conduct of its business, observe high standards of integrity and fair dealing. It must –

10.220.1.1 not provide, or accept material inducements of a non-business nature to, or from any person to obtain business;

10.220.1.2 not knowingly circulate information or submit information to the JSE or JSE Clear which is false or misleading, or which affects or tends to affect unfairly the price of any an IRC security;

10.220.1.3 not knowingly countenance any attempt to manipulate the market, nor to influence persons for such a purpose;

10.220.1.4 not be a party to or facilitate or enter into a transaction which is fictitious or which has a dishonest or unlawful motive;

10.220.1.5 conduct its activities in a manner that is compatible with the objects of the Act and with full respect for the dignity of the JSE; and

10.220.1.6 not participate in any dealings with other trading members, clients, the media or other persons, which may be of such a nature as to discredit the JSE.

10.220.2 General conduct towards clients

In its dealings with clients, a trading member shall –

10.220.2.1 act honestly and fairly;

10.220.2.2 act with due skill, care and diligence, and in the interests of clients;

10.220.2.3 exercise independent professional judgement;

10.220.2.4 act promptly on and in accordance with the instructions of a client, and exercise any discretion in a responsible manner;

10.220.2.5 avoid conflicts of interest and when they cannot be avoided, ensure fair treatment to clients by disclosure, confidentiality or declining to act. A trading member shall not unfairly place its interests above those of its clients; and

10.215 introduced with effect from 1 August 2005
10.220.1.1 amended with effect from 1 August 2005
10.220.1.2 amended with effect from 1 August 2005
10.220.1.5 amended with effect from 1 August 2005

10.220.2.6 not make any statement, promise or forecast which it knows to be misleading or is likely to be misleading and that has the effect or may have the effect of inducing a client to enter into a client agreement.

10.220.3 Furnishing of investment advice and exercise of discretion-

In providing investment advice to a client or exercising discretion in relation to the management of JSE authorised investments, a trading member shall –

10.220.3.1 take reasonable steps to seek from the client information regarding the client's financial situation, investment experience, particular needs and objectives in connection with the services required, to enable the trading member to provide the client with sound investment advice or make an appropriate investment decision;

10.220.3.2 conduct an analysis, based on the information obtained, for the purpose of advising the client or making an investment decision;

10.220.3.3 identify the JSE authorised investments that will suit the client's risk profile and financial needs, subject to the terms of any client agreement entered into between the client and the trading member or any other mandate provided to the trading member by the client;

10.220.3.4 take reasonable steps to ensure that the client understands any investment advice that has been provided, as well as the nature and material terms and risks involved in the relevant transaction, so as to enable the client to make an informed decision; and

10.220.3.5 ensure that any investment advice provided or discretion exercised is not for the sole purpose of maximising the income of the trading member.

10.220.4 Disclosure to clients

10.220.4.1 In rendering a service to a client, any representations made and information provided by a trading member –

10.220.4.1.1 must be factually correct;

10.220.4.1.2 must be provided in plain language, avoid uncertainty or confusion and not be misleading;

10.220.4.1.3 must be adequate and appropriate in the circumstances of the particular service, taking into account the factually established or reasonably assumed level of knowledge of the client;

10.220.4.1.4 must, as regards all amounts, sums, values, charges, fees, remuneration or monetary obligations mentioned or referred to therein, be reflected in specific monetary terms, provided that where any such amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation must be adequately described;

10.220.4.1.5 need not be duplicated or repeated to the same client unless material or significant changes affecting that client occur, or the relevant service renders it necessary, in which case a disclosure of the changes must be made to the client without delay.

10.220.4.2 A trading member –

10.220.4.2.1 must disclose full and accurate information about the fees and any other charges that may be levied on clients;

10.220.3 amended with effect from 1 August 2005
10.220.3.1 amended with effect from 1 August 2005
10.220.3.3 amended with effect from 1 August 2005
10.220.3.4 amended with effect from 1 August 2005
10.220.3.5 amended with effect from 1 August 2005

10.220.4.2.2 may not disclose any confidential information acquired or obtained from a client about such client, unless the written consent of the client has been obtained beforehand or disclosure of the information is required to further the objects of the Act or is required under any law;

10.220.4.2.3 must advise a client in advance of any restrictions or limitations that may affect the access of that client to their funds or JSE authorised investments.

10.220.5 Maintenance of client records

10.220.5.1 A trading member must maintain proper, complete, accurate and secure records in relation to the services rendered to its clients.

10.220.5.2 A trading member must have appropriate procedures and systems in place to store and retrieve, in a manner safe from destruction, a record of all –

10.220.5.2.1 communications relating to a service rendered to a client, including instructions given by the client to the trading member;

10.220.5.2.2 transaction documentation relating to clients;

10.220.5.2.3 contractual arrangements between the trading member and its clients, including client agreements and mandates prescribed by these rules; and

10.220.5.2.4 client particulars required to be provided in terms of these rules or which are necessary for the effective operation of client accounts.

10.220.5.3 The client records in 10.220.5.2 may be kept in printed, electronic or voice-recorded format.

10.220.5.4 Trading members need not keep the records in 10.220.5.2 themselves but must be capable of making such records available for inspection within seven days.

10.220.5.5 All instructions given by clients to execute transactions must be kept for a period of at least six months after the relevant transactions and all other client records in 10.220.5.2 must be kept for at least five years after the rendering of the services concerned.

10.220.6 Contact with the trading member

A trading member must provide for the necessary resources and functionality to ensure that clients are able to readily contact the trading member.

10.220.7 Waiver of rights

A trading member may not request or induce in any manner a client to waive any right or benefit conferred on the client by or in terms of this code or these rules, or recognise, accept or act on any such waiver by the client, and any such waiver is void.

10.220.8 Adequacy of financial resources

A trading member shall ensure that it maintains adequate financial resources to meet its business commitments and to withstand the risks to which its business is subject.

10.220.9 Internal resources and risk management

A trading member shall employ effectively the resources and procedures that are necessary for the proper performance of its business activities and to eliminate, as far as is reasonably possible, the risk that clients will suffer financial loss through theft, fraud, other dishonest acts, poor administration, negligence, professional misconduct or culpable omissions. It shall organise and control its internal affairs in a reasonable manner and keep proper records. Its staff shall be suitable, adequately trained and properly supervised.

10.220.4.2.3 amended with effect from 1 August 2005
10.220.6 amended with effect from 1 August 2005
10.220.9 amended with effect from 9 May 2011

10.220.10 Co-operation with regulators

A trading member shall deal with the JSE as its regulator in an open co-operative manner and keep the JSE promptly informed of anything concerning the JSE which might reasonably be expected to be disclosed to it. A trading member shall also provide reasonable co-operation to any other regulatory body or any law enforcement agency in respect of any matters which are the subject of an investigation by such body or agency relating to an alleged contravention of the Act, or any equivalent foreign legislation or any other law governing the activities of the trading member.

10.220.11 Enforcement of code on employees

A trading member shall enforce the provisions of this code on all its employees.

10.225 Unsolicited calls

A trading member may enter into a transaction with or on behalf of a person where the transaction is as a result of an unsolicited call, provided that the trading member has complied with the requirements set out in rules 10.220.3 and 10.220.4.

10.230 Advertising by trading members

10.230.1 Advertising material of a trading member –

10.230.1.1 must provide accurate, complete and unambiguous information about any JSE authorised investment or any service rendered by the trading member;

10.230.1.2 must emphasise the risk of loss and uncertainty of future results;

10.230.1.3 must discern fact from opinion;

10.230.1.4 may not be comparative in relation to another trading member; and

10.230.1.5 may not make the statement or suggest that trading in derivative instruments on the JSE is appropriate for all persons.

10.230.2 An advertisement by a trading member –

10.230.2.1 may not contain any statement, promise or forecast which is fraudulent, untrue or misleading;

10.230.2.2 must, if it contains –

10.230.2.2.1 performance data (including awards and rankings), include references to their source and date;

10.230.2.2.2 illustrations, forecasts or hypothetical data –

10.230.2.2.2.1 contain support in the form of clearly stated basic assumptions (including, but not limited to, any relevant assumptions in respect of performance, returns, costs and charges) with a reasonable prospect of being met under current circumstances;

10.230.2.2.2.2 make it clear that they are not guaranteed and are provided for illustrative purposes only; and

10.230.2.2.2.3 also contain, where returns or benefits are dependent on the performance of underlying assets or other variable market factors, clear indications of such dependence;

10.220.11 amended with effect from 1 August 2005
10.225 introduced with effect from 1 August 2005
10.230.1.1 amended with effect from 1 August 2005

10.230.2.2.3 a warning statement about risks involved in buying or selling a JSE authorised investment, prominently display such statement; and

10.230.2.2.4 information about past performances, also contain a warning that past performances are not necessarily indicative of future performances; and

10.230.2.3 must, if the investment value of a JSE authorised investment mentioned in the advertisement is not guaranteed, contain a warning that no guarantees are provided.

10.230.3 In the event that the JSE considers that a trading member has failed to conform to any of the advertising requirements published by the JSE under rule 10.230.1 or 10.230.2, it may at its discretion (without prejudice to its other powers under these rules) require that no further advertising material or other promotional or marketing material shall be published by or on behalf of such trading member unless it has been submitted to the JSE in advance and the JSE has notified the trading member that the material is suitable for publication.

10.240 Contraventions to be reported

Every trading member shall report to the JSE any contravention of the Act, these rules, and the directives that comes to its attention.

10.230.2.2.3 amended with effect from 1 August 2005
10.240.2.3 amended with effect from 1 August 2005
10.240 amended with effect from 1 August 2005

SECTION 11

Section 11: Defaults

Scope of Section

11.10 Default by a trading member
11.20 Default by a client
11.30 Consequences of default by a client
11.40 Consequences of default by a trading member
11.50 Settlement Default and the Guarantee Fund
11.60 Securities pledged to JSE Clear

11.10 Default by a trading member

11.10.1 A trading member shall default if –

11.10.1.1 it is unable to meet its commitments to JSE Clear, another trading member, its clearing member, its CSDP, or its clients arising out of a derivative **[an IRC]** security transaction or position; or

11.10.1.2 the JSE or JSE Clear determines, in their sole discretion, that it is unable to fulfil its obligations in respect of a trade or a position in derivative securities in terms of these rules or the JSE Clear rules**[.]**; or

11.10.1.3 it fails to meet its obligations in terms of the JSE Clear rules to pay margin in respect of a cleared bond trade, or to pay a shortfall owed to JSE Clear in terms of the JSE Clear failed trade rules; or

11.10.1.4 the JSE or JSE Clear determines, in their sole discretion, that it will be unable to meet its obligations in terms of the JSE Clear rules to pay margin in respect of a cleared bond trade, or to pay a shortfall owed to JSE Clear in terms of the JSE Clear failed trade rules.

11.10.2 If a trading member is unable to meet its commitments or obligations in terms of rules 11.10.1.1 or 11.10.1.3 or the JSE or JSE Clear determines that the trading member is unable to meet its obligations in terms of rules 11.10.1.2 or 11.10.1.4, the JSE Executive will declare the trading member to be a defaulter as from the time when the act of default occurred.

11.20 Default by a client

A client shall default if –

11.20.1 it is unable to fulfil its obligations in respect of a trade or a position in terms of these rules or the JSE Clear rules; or

11.20.2 the JSE or JSE Clear determines, in their sole discretion, that the client is unable to fulfil its obligations in respect of a trade or a position in terms of these rules or the JSE Clear rules; or

11.20.3 the client is in default with respect to one trading member and the exchange or JSE Clear decides, in their sole discretion, that the client is in default with respect to any other trading member.

11.30 Consequences of default by a client

Without limiting or detracting from any other remedies and rights which a trading member may have against a client, in the event of default by a client –

11.30.1 the client shall, save as provided in this rule, be suspended from trading through the trading member;

11.30.2 the trading member shall close out the futures and option contract positions of the client through the JSE trading system;

11.30.3 any amount payable by the trading member to the client as a result of such close out of futures and option contract positions or arising from any suretyship, cession, pledge or other security or from any other cause shall be set off against any amount payable by the client in terms of rule 8.80.8;

11.30.4 the closing of transactions of the defaulting client in bonds shall be dealt with as follows:

11.30.4.1 The trading member shall use its best endeavours to procure that all open transactions of the defaulter that are guaranteed by the trading member in terms of rule 9.15.1 are settled, by taking such steps as may reasonably be necessary; and

11.10.2 amended with effect from 1 January 2023
11.20.1 amended with effect from 1 January 2023
11.20.2 amended with effect from 1 January 2023
11.20.3 amended with effect from 1 January 2023
11.30.3 amended with effect from 1 January 2023
11.30.4.1 amended with effect from 9 May 2011

11.30.4.2 If the trading member is unable to procure the settlement of any open transactions to which rule 9.15.1 applies, the failed trade procedures set out in **[rule 9.130 or]** rule 9.135 will be applied;

11.30.5 any amount payable by the trading member to the client as a result of failed trade procedures shall be set off against any amount payable by the client in terms of rules 9.80.6, 9.90.4, 9.140.3, 9.150.2, 9.160.3 and 9.170.4; and

11.30.6 any amount payable by the trading member in terms of rules 11.30.3, 11.30.4 or 11.30.5 will be set-off against any of the obligations of the client in terms of these default rules, and any shortfall remaining after the application of this rule 11.30 shall be recovered from the client and any surplus shall be paid to the client.

11.40 Consequences of default by a trading member

11.40.1 Without limiting or detracting from any other remedies and rights which a clearing member, a trading member, a client or JSE Clear may have against a trading member, in the event of default by a trading member –

11.40.1.1 the trading member shall, save as provided in this rule, be suspended from trading;

11.40.1.2 the clearing member will, in terms of the JSE Clear rules, transfer the proprietary futures and option contract positions of the trading member to itself and for its own account at a price approved by JSE Clear within two business days or such other period as may be determined by JSE Clear from the date of default;

11.40.1.3 any amount payable to the trading member as a result of such close out or arising from any suretyship, cession, pledge or other security or any other cause will be set off against any amount payable by the trading member in terms of JSE rule 8.80.5 or the JSE Clear rules or in terms of any failure by the trading member to meet its obligations in respect of transactions in bonds as referred to in JSE rule 9.100, including related penalties imposed by the JSE;

11.40.1.4 the closing of non-cleared transactions in bonds of the defaulting trading member **[in bonds]** shall be dealt with as follows:

11.40.1.4.1 The Settlement Authority shall use its best endeavours to procure that all open transactions between the defaulter and other trading members and clients are settled, by taking such steps as may reasonably be necessary;

11.40.1.4.2 In procuring settlement of these open transactions, the Settlement Authority shall require clients of the defaulter to meet their settlement obligations in respect of all open transactions executed on their behalf;

11.40.1.4.3 Where possible, any funds or securities held by the defaulter or their CSDP on behalf of trading member settled clients or received by the defaulter or the clearing member from trading member settled clients subsequent to the default, which are required to effect settlement of open transactions conducted on behalf of those clients, will be applied by the Settlement Authority to settle such transactions;

11.40.1.4.4 If the Settlement Authority is unable to procure the settlement of any open transactions in bonds, the failed trade procedures set out in rule 9.135 will be applied;

11.30.4.2 amended with effect from 9 May 2011
11.30.6 amended with effect from 9 May 2011
11.40.1 amended with effect from 1 January 2023
11.40.1.2 amended with effect from 1 January 2023
11.40.1.3 amended with effect from 1 January 2023
11.40.1.4.1 amended with effect from 1 January 2023

11.40.1.5 the closing of cleared transactions in bonds of the defaulting trading member shall be dealt with in accordance with JSE Clear rule 11.3;

11.40.1.**[5]**6 the clients of the trading member with futures and option contract positions shall, without notice to such clients, become the clients of the clearing member, and -

11.40.1.**[5]**6.1 the clearing member will assume the obligations of the trading member in terms of rule 8.80.8 that accrued on the date of default or on the previous business day;

11.40.1.**[5]**6.2 all clients who did not previously have client agreements with the clearing member shall conclude client agreements with the clearing member to cover the futures and option contract positions and obligations assumed by the clearing member;

11.40.1.**[5]**6.3 where the clearing member previously had a client agreement with the client of the defaulting trading member, such futures and option contract positions and obligations and subsequent transactions shall be subject to that agreement;

11.40.1.**[5]**6.4 JSE Clear shall on request provide the clearing member with the registration and contact details of the clients of a defaulting trading member as supplied to JSE Clear; and

11.40.1.**[5]**6.5 the clearing member will contact the clients of such defaulting trading member immediately, to inform them of the default and to make arrangements for the transfer of their existing futures and option contract positions to the clearing member or to another trading member.

11.40.2 After consultation with other relevant regulators and exchanges, the JSE may require the defaulting trading member to hand over to the JSE all books and accounting records of the trading member, all cheque books, and all funds, bonds and other assets relating to the business including funds and control of bonds held on behalf of clients by the trading member in safe custody with a bank or a CSDP.

11.40.3 The JSE Executive may grant authority to the Director: Market Regulation or his nominated deputy to assume control of the funds and bonds which are owned by clients as referred to in rule 11.40.2.

11.40.4 The Director: Market Regulation shall take reasonable steps to ensure that –

11.40.4.1 any client bonds or funds under the control of the defaulting trading member are identified as the client's property; and

11.40.4.2 only bonds or funds identified as belonging to the client and which are unencumbered are returned to the client or to his order if so authorised by the client in writing.

11.40.5 The client shall warrant in writing to the Director: Market Regulation that he is the lawful owner of any bonds or funds before such assets are returned to him in terms of rule 11.40.4.

11.40.6 In the event of a shortfall in clients' bonds held by the defaulting trading member that is the result of a difference between the aggregate quantity of bonds of a particular kind reflected in the trading member's accounting records and the aggregate quantity of bonds of the same kind reflected in the client custody account at the trading member's CSDP, such shortfall shall be borne by all of the clients who hold bonds of that kind collectively in proportion to the interest allocated to each of the clients in the trading member's accounting records at the time immediately preceding the occurrence of the default.

11.40.1.4.5 amended with effect from 9 May 2011
11.40.1.5.1 amended with effect from 1 January 2023
11.40.1.5.4 amended with effect from 1 January 2023
11.40.1.5.5 amended with effect from 1 January 2023
11.40.6 renumbered 11.40.7 with effect from 25 April 2014

11.40.7 Before any bonds or funds are returned to the client, the client shall indemnify the Director: Market Regulation in writing for any loss sustained by or damage caused to any person, including, but not limited to the client, as a result of anything done or omitted by the Director**:** Market Regulation in the *bona fide* exercise of any power, or performance of any duty or function under or by virtue of the above rules, as a result of the return of such assets to the client and the alienation by the client of such returned assets in respect of which he is not the lawful owner.

11.40.8 Where bonds or funds are returned to clients in terms of rule 11.40.5 and it is thereafter established that ownership of such assets does not vest in the client, the client shall immediately return such assets to the control of the Director: Market Regulation, upon written notification of the Director. Where such returned bonds or funds have been alienated by the client, the client shall immediately and in so far as he is able to, effect the return of such assets to the control of the Director: Market Regulation, upon written notification by the Director.

11.50 Settlement Defaults and the Guarantee Fund

11.50.1 The Guarantee Fund shall be maintained and be made available primarily for the purpose of-

11.50.1.1 paying compensation to a trading member or a client as a result of a settlement default by a trading member arising out of a non-cleared transaction in bonds; and

11.50.1.2 facilitating settlement of a non-cleared transaction in bonds to avoid an imminent settlement default by a trading member.

11.50.2 The Guarantee Fund may also be utilised, subject to rule 11.50.6.1, for the purpose of reducing the risk of claims or the quantum of claims against the Guarantee Fund.

11.50.3 For the purpose of these rules, a settlement default refers to the failure by a trading member to pay any amounts claimed by another trading member or a client in terms of the failed trade procedures in rule 9.135, except in respect of cleared bond trades.

11.50.4 The JSE shall determine the amount of funds which it recommends the Guarantee Fund should have available and the amount to be reserved exclusively for settlement defaults (the **"exclusive funds"**). The exclusive funds shall at no time be less than R30 million.

11.50.5 The exclusive funds shall be reserved exclusively, on the further terms and conditions of these rules, for-

11.50.5.1 compensating claimants for settlement defaults;

11.50.5.2 compensating any person (other than the trading member or client who is at risk of defaulting) who, at the request of the Settlement Authority, takes any action to facilitate settlement to avoid an imminent settlement default; and

11.50.5.3 insuring the Guarantee Fund against any claims contemplated in rule 11.50.5.1.

11.50.6 To the extent that the total funds in the Guarantee Fund exceed the exclusive funds, the excess portion (the "**excess funds**") may be distributed as follows by the trustees in their sole discretion:

11.50.6.1 in consultation with the Registrar, to any person that the trustees consider will use the funds so distributed to them in order to attempt to reduce the risk of claims being made at all, or reducing the quantum of claims made, pursuant to a settlement default; or

11.50.6.2 for the purposes contemplated in rule 11.50.5.

11.50.7 Upon declaration by the Settlement Authority of a settlement default by a trading member, the Settlement Authority must -

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11.40.6 introduced with effect from 25 April 2014
11.60 introduced with effect from 9 May 2011
Old 11.50 deleted with effect from 1 January 2023
Old 11.60 renumbered 11.50 with effect from 1 January 2023
Old 11.70 deleted with effect from 1 January 2023
11.60.1 to 11.60.17 introduced with effect from 9 May 2011

11.50.7.1 determine the defaulting trading member's nett settlement obligations and other open positions of the defaulting trading member in respect of each bond transaction;

11.50.7.2 determine a list of potential claimants;

11.50.7.3 inform the controlling body and the trustees;

11.50.7.4 lodge a claim with the trustees on behalf of a trading member or a client or any other party who has suffered a loss and who is a beneficiary under the Guarantee Fund; and

11.50.7.5 pay over to the relevant claimant any such payment received from the Guarantee Fund in respect of such claim.

11.50.8 The Settlement Authority may lodge a claim with the trustees provided the claimant has submitted copies of the claim to the Settlement Authority in writing which must include -

11.50.8.1 full details of the amount claimed as computed in terms of the failed trade principles and procedures in rule 9.135 and directive EG; and

11.50.8.2 any further evidence that the Settlement Authority or the trustees may require.

11.50.9 Failure by a claimant to comply within a reasonable period with any requirements of the Guarantee Fund or the JSE, or any requirement in these rules is grounds upon which the trustees may reject the claim.

11.50.10 Payment of any amount may only be made by the trustees against a valid out and out cession to the Guarantee Fund by the claimant in respect of claims against the defaulting trading member. In this regard, the claimant in question shall be deemed to have ceded the claim in question to the Guarantee Fund on the Guarantee Fund making the aforesaid payment.

11.50.11 The aggregate of all payments made by the Guarantee Fund pursuant to a settlement default shall not exceed the amount available from the exclusive funds, unless otherwise determined by the trustees.

11.50.12 All claims must be met on a pro rata basis in proportion to the total claims by all trading members and clients lodging claims in respect of a settlement default.

11.50.13 Payment of claims accepted by the trustees must be paid to the JSE and the trustees must receive an acknowledgement of receipt of payment from the claimant once the JSE has paid over the relevant amount to the claimant.

11.50.14 Payment must be effected by cheque or electronic transfer of funds to a nominated account held at a registered bank of the relevant claimant.

11.50.15 All claims lodged pursuant to this rule 11.50 must be lodged against the Guarantee Fund and no trading member or client may have any claim against the trustees or the JSE.

11.50.16 Except for trading members who only execute transactions on a name give-up basis, all trading members who execute off book transactions in bonds must contribute to the Guarantee Fund an amount determined by the JSE in accordance with rule 1.130.1.2.

11.50.17 Any contribution made by a member towards the Guarantee Fund shall have no impact on the quantum of claims to which the trading member may be entitled from the Guarantee Fund.

11.60 Securities pledged to JSE Clear[1]

11.60.1 Securities pledged by trading members and clients to JSE Clear in accordance with rule 8.50.1 are pledged in accordance with the JSE Clear rules, the applicable agreements and JSE Clear's policies and procedures, and on the basis that parate executie is expressly permitted. The securities pledged by defaulting trading members and clients will be sold by JSE Clear within three business days from the date of default, without the intervention of the courts. JSE Clear will sell the pledged securities at a market related price at the time of such sale.

11.60 introduced with effect from 1 September 2023

11.60.2 Securities pledged by a clearing member to JSE Clear as payment of default margin to the Default Fund are pledged in accordance with the JSE Clear rules, the JSE Clear agreement and JSE Clear's policies and procedures, and on the basis that parate executie is expressly permitted. The securities pledged by defaulting clearing members will be sold by JSE Clear within three business days from the date of default, without the intervention of the courts. JSE Clear will sell the pledged securities at a market related price at the time of such sale.

11.60.3 Clearing members, trading members and clients that have elected to pledge securities to JSE Clear in terms of the JSE Clear rules provide JSE Clear with express consent to instruct their CSDPs to move the pledged securities to JSE Clear's account to sell the pledged securities as contemplated in rules 11.60.1 and 11.60.2.