



**Question and Answer Guide
JSE Interest Rate and Currency
Settlement Officers Examination
May 2012**

Disclaimer

This Question and Answer Guide has been produced as a guide, at a given point of time and in an abbreviated form, to the more important provisions of the Securities Services Act, 2004 (Act No. 36 of 2004) ("the Act") and the JSE Interest Rate and Currency rules and directives, for the sole purpose of the JSE Interest Rate and Currency Settlement Officers Examination. Given the compressed and dated nature of the contents of a document such as this it should not be construed as the JSE's full and official interpretation of the Act, rules and directives and other related legislation. The JSE does not accept any responsibility or liability for any errors or omissions in the formulation of the answers to the questions given, nor for any consequential claims arising there from. Accordingly, the JSE accepts no responsibility for any transactions or actions entered into as a result of the contents thereof.

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1. Introduction

This Question and Answer Guide is the syllabus of the JSE Interest Rate and Currency Settlement Officers Examination prescribed by the JSE in terms of JSE Interest Rate and Currency rules 3.120.3 & 3.120.4. The syllabus is comprised of questions and answers arranged in the themes set out in the table below. Each theme may consist of definitions, rules, directives or Sections of the Act related to the theme.

Theme	Section	Questions
General	Section 4	1 to 23
Membership & Registered officers	Section 5	24 to 71
Disciplinary Matters	Section 6	72 to 77
Trading	Section 7	78 to 165
Clearing	Section 8	166 to 220
Settlement	Section 9	221 to 401
Conduct of Business	Section 10	402 to 486
Defaults	Section 11	487 to 504

2. Structure of the JSE Interest Rate and Currency Settlement Officers Examination

The exam consists of 55 questions randomly selected from the syllabus. It is not a multiple-choice examination and there is no negative marking. Mark allocations vary, ranging from half a mark to twelve marks per question.

The duration of the examination is two hours. A total of 55 questions for 115 marks will be asked and a candidate must achieve 65% to pass the examination.

3. Version Control

Version	Date	Updates
1.0	31 May 2012	Creation of new examination based on May 2011 JSE IRC rules and directives

GENERAL PROVISIONS		Marks
1	Rule 2.10	0.5
Define "ACT"	means the Securities Services Act (Act No 36 of 2004) and any measure prescribed there under by the Minister of Finance or the Registrar;	
2	Rule 2.10	0.5
Define " bank"	means a bank as defined in the Banks Act, 1990 (Act No. 94 of 1990), and a mutual bank as defined in the Mutual Banks Act, 1993 (Act No. 124 of 1993);	
3	Rule 2.10	0.5
Define "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;	
4	Rule 2.10	0.5
Define " clearing house"	means a person licensed in terms of section 66 of the Act as a clearing house and appointed by an exchange to provide clearing house services to such exchange;	
5	Rule 2.10	0.5
Define "common monetary area"	means the Republic of South Africa, Lesotho, Namibia and Swaziland;	
6	Rule 2.10	0.5
Define "Companies Act"	means the Companies Act 1973 (Act No. 61 of 1973);	
7	Rule 2.10	0.5
Define "controlling body"	means the board of directors of the JSE which is the governing body managing the affairs of the JSE;	
8	Rule 2.10	0.5
Define " in writing"	In relation to anything which, in terms of this Act must be done in writing, includes any such thing done in electronic form;	
9	Rule 2.10	0.5
Define "registrar of Banks"	means the Registrar of Banks designated under section 4 of the Banks Act, 1990 (Act No. 94 of 1990);	
10	Rule 2.10	0.5
Define "Republic"	means the Republic of South Africa;	
11	Rule 2.10	0.5
Define "SAFCOM"	means SAFEX Clearing Company (Proprietary) Limited, licensed by the Registrar as a clearing house in terms of the Act;	
12	Rule 2.10	2.5
Define "securities services"	means services provided in terms of the Act in respect of – <ul style="list-style-type: none"> a) The buying and selling of securities; b) The custody and administration of securities; c) The management of securities by an authorized user; d) The clearing of transactions in listed securities; and 	

	e) The settlement of transactions in listed securities;	
13	Rule 2.10	0.5
Define "Strate"	means Strate Limited, a public company licensed as a central securities depository in terms of the Act;	
14	Rule 2.10	0.5
Define "Strate rules"	means the rules made, and directives issued by Strate, in terms of the Act;	
15	Rule 2.10	0.5
Define "the Registrar"	means the Registrar of Deputy Registrar of Securities Services referred to in section 5 of the Act;	
16	Rule 2.10	0.5
Define "these rules"	means the JSE interest rate and currency rules issued in pursuance of section 18 of the Act, including any alteration, addition or amendment thereof;	
17	Rule 2.10	1
Define "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 ;	
18	Rule 1.50.1	3
What is the purpose of the 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.	
19	Rule 1.50.2	0.5
Who are the Directives binding on?	The directives are binding upon all members, officers and their employees.	
20	Rule 1.50.2.3 and 1.50.2.4	2
Who are the Rules binding on?	These rules are binding on all members, officers and their employees, clients of a member and any other person who concludes a transaction with a member in the course of that member's business. These rules are binding on CSDPs acting on behalf of members and their clients.	
21	Rule 1.120.2	0.5
On which market/s were Interest Rate securities and currency derivatives previously listed?	Interest rate securities and currency derivatives were listed, namely, Yield-X and BESA.	
22	Rule 1.120.13	3
Will a registered compliance officer under the BESA rules be recognized as a compliance officer under the IRC rules and directives?	A registered compliance officer under the BESA rules, as at the effective date, shall be recognized 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	
23	Rule 1.120.14	1
Will client agreements concluded between BESA members and their clients in terms of the BESA remain in effect?	Yes, provided members ensure compliance with the requirements regarding client agreements as prescribed in the IRC Rules and Directives	

MEMBERSHIP AND REGISTERED OFFICERS		Marks
24	Rule 2.10	0.5
Define "agent"	means a trading member who has traded on behalf of a client other than for its own account in terms of these rules;	
25	Rule 2.10	1
Define "alternate settlement officer"	means the person appointed by a member in terms of rule 3.120.4 fulfilling the function of the settlement officer in his/her absence;	
26	Rule 2.10	1
Define "authorised user"	means a person authorized by an exchange in terms of the exchange rules to perform such securities services as the exchange rules may permit;	
27	Rule 2.10	0.5
Define "branch of a foreign bank"	means a foreign institution which is authorized in terms of the Banks Act, 1990 (Act 94 of 1990) to conduct the business of a bank by means of a branch in the Republic;	
28	Rule 2.10	0.5
Define "client"	means any person who uses the services of an authorized user or a participant, as the case may be;	
29	Rule 2.10	0.5
Define "company"	means a company as defined in Section 1 of the Companies Act, and registered in terms of that Act	
30	Rule 2.10	1
Define "compliance officer"	Means the person appointed by a member in terms of rule 3.120.2 to ensure compliance by the member with the Act, the Rules and the Directives;	
31	Rule 2.10	1.5
Define "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 transaction in bonds on behalf of a trading member or a client of a trading member;	
32	Rule 2.10	0.5
Define "dealer"	means a person registered to trade for a trading member in terms of these rules;	
33	Rule 2.10	0.5
Define "employee"	means a person engaged by a member within that area of business that operates as a member;	
34	Rule 2.10	1
Define "executive director"	means in respect of a corporate entity a person appointed as a director of a member and who, in terms of a contract of employment with such member is in its full time employ;	
35	Rule 2.10	1

Define "executive officer"	means the person appointed by the controlling body as the Chief Executive Officer in terms of these rules or, in that persons absence, that person's deputy;	
36	Rule 2.10	0.5
Define : FAIS Act"	means the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002);	
37	Rule 2.10	2
Define "financial Services Provider'	means any person, other than a representative, who as a regular feature of the business of such person – a) furnishes advice; or b) furnishes advice and renders any intermediary service; or c) renders an intermediary service;	
38	Rule 2.10	0.5
Define "initial capital"	means the minimum capital as specified by the JSE;	
39	Rule 2.10 & Rule 3.20.4	1
Define "inter-dealer broker" or "IDB"	means a sub-category of trading member authorized to trade and to provide services in respect of the buying and selling of IRC securities, subject to the rules pertaining to inter-dealer brokers; may not be a clearing member;	
40	Rule 2.10	5
Define "intermediary services"	means, subject to subsection (3)(b) of the FAIS Act, any act <i>other than</i> the furnishing of advice, performed by a person for or on behalf of a client or product supplier- a) the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product with a product supplier; or b) with a view to- i. buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product purchased by a client from a product supplier or in which the client has invested; ii. collecting or accounting for premiums or other moneys payable by the client to a product supplier in respect of a financial product; or iii. receiving, submitting or processing the claims of a client against a product supplier;	
41	Rule 2.10	1
Define "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;	
42	Rule 2.10	5.5
Define "JSE Authorised investments"	<p>means –</p> <ul style="list-style-type: none"> (a) IRC securities; (b) JSE listed securities traded on the JSE equities trading system or the JSE derivatives trading system; (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; 	
43	Rule 2.10	1
Define" 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 ;	
44	Rule 2.10	0.5
Define "JSE Market Notice"	means the notice published by the JSE under the authority of the JSE Executive;	
45	Rule 2.10	1
Define "member"	means an interest rate and currency member, which is a category of authorized user admitted to membership of the JSE under these rules;	
46	Rule 2.10	0.5
Define "member application"	means an electronic system used by a trading member to submit orders to the trading system;	
47	Rule 2.10	1
Define "non-executive director"	means a person appointed under the Companies Act	

	as a director of a member, but who is not employed by such member;	
48	Rule 2.10	1.5
Define “product supplier”	means any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the Companies Act, 1973 (Act No. 61 of 1973);	
49	Rule 2.10	2
Define “registered officer”	means a compliance officer, settlement officer, alternate settlement officer or a dealer registered by the JSE as such in the name of the member;	
50	Rule 2.10	0.5
Define “regulation”	means any regulation which may be made by the Minister under section 113 of the Act;	
51	Rule 2.10	1
Define “settlement officer”	means the person appointed by each member in terms of rule 3.120.3 to ensure that all transactions are settled in terms of the Rules and Directives;	
52	Rule 2.10	
Define “trading member”	means a sub-category of authorized user of the JSE, authorized to trade in IRC securities and to provide services in respect of the buying and selling of IRC securities in terms of these rules;	
53	Rule 3.20.1	1
What are the two sub-categories of an authorized user of the JSE?	A clearing member and a trading member.	
54	Rule 3.30.2	5
What are the fit and proper requirements for officers of members? List 5.	<p>be of full legal capacity;</p> <p>comply with such criteria of good character and high business integrity as the JSE deems fit;</p> <p>not be an un-rehabilitated insolvent; and</p> <p>not in the period preceding the application as the JSE in its discretion deems fit, have been –</p> <ul style="list-style-type: none"> • convicted of a criminal offence, whether in the Republic or elsewhere; • the subject of a formal investigation by any regulatory or government agency; • expelled, whether as a member or otherwise, from any exchange or external exchange; • employed by or associated with a member of any exchange or external exchange, which 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; • declared a defaulting member of the JSE or any other exchange or external exchange; • refused entry to or expelled from any 	

	<p>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</p> <ul style="list-style-type: none"> refused approval to operate as a financial services provider in terms of the FAIS Act or any other act. 	
55	Rule 3.30.4	3
What are the members administrative, systems, facilities, resources and expertise requirements?	<p>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;</p> <ul style="list-style-type: none"> an accurate record of their own and/or clients' positions is kept at all times; 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 it complies with all the financial resources requirements pertaining to the relevant category of authorized user as prescribed in these rules. 	
56	Rule 3.30.5	1
What are the requirements for a trading member to enter into transactions which will be cleared by SAFCOM in terms of these Rules?	The member must have appointed a clearing member or have been authorized as a clearing member.	
57	Rule 3.30.6	0.5
What is the requirement for a trading member intending to enter into transactions in bonds on the trading system?	The members must have appointed a CSDP.	
58	Rule 3.35.1/2/3	3
What are the specific requirements applicable to IDB's (Inter-Dealer Brokers)?	<ul style="list-style-type: none"> 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; 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 member or the client; and; it must, on request from any 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. 	
59	Rule 3.70.4	1
If a member is undergoing any changes in name what must be communicated to the JSE?	Notification of changing its name, accompanied by the relevant certificate of name change;	

60	Rule 3.70.4	2
If a member is undergoing any changes in corporate structure relating to trading in IRC securities, or it is transferred to another legal entity in any manner, including but not limited to a merger, take-over, transfer of business or corporate restructuring what must be communicated to the JSE?	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 therefore, and provided further that the JSE may determine that a new application for membership must be made.	
61	Rule 3.90.1	5
When is there a duty to furnish information forthwith to the JSE? List 5.	<ul style="list-style-type: none"> • the granting of an application for, or the revocation of, or the recognition under any statutory enactment of any registration, authorization or license which may bear upon or be associated with its business as a member of the JSE; • conviction of the 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; • any person becoming or ceasing to be a director of the member; • any change in the name or address of any office of the member, and of any change in the member's telephone or facsimile numbers or electronic mailing addresses; • 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 • the dismissal of an employee for committing or attempting to commit an act which is dishonest, fraudulent, dishonorable or disgraceful. 	
62	Rule 3.90.2	2
What additional information must be submitted to the JSE in writing?	<ul style="list-style-type: none"> • of any person holding, or having a beneficial interest in, 20% or more of any class of the share capital of a member and of any change in such holding; • 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. 	
63	Rule 3.90.3	0.5
What is the time period in which a member	Within three months after the end of its financial	

shall submit to the Director: Surveillance a copy of its audited annual financial statements, and the audit report prescribed by the Act?	year.	
64	Rule 3.110.2	1.5
When is a notice to a member deemed to have been delivered by the JSE, unless the contrary is proved?	<ul style="list-style-type: none"> • Any notice delivered by the JSE by hand before 16h00 on a business day at the physical address of the member on the date of delivery. • Any notice transmitted by an electronic delivery mechanism before 16h00 on a business day, on the date of the transmission. • Any notice delivered by the JSE by registered post within seven business days after being dispatched. 	
65	Rule 3.120.1	1.5
Which officers registration must the member ensure?	Each member must ensure the registration by the JSE of a compliance officer, a settlement officer and an alternate settlement officer.	
66	Rule 3.120.3	3.5
What are the qualifications and duties of a settlement officer?	<ul style="list-style-type: none"> • have obtained such qualification as may be required by the JSE; • deal with all queries by the JSE in relation to settlement; • ensure that all transactions are settled in terms of these rules and directives; • advise the JSE of any issue that may potentially impact on the settlement of a transaction; and • cooperate with the Settlement Authority to ensure the efficient and timeous settlement of all transactions. 	
67	Rule 3.120.4	3.5
What are the qualifications and duties of an alternate settlement officer?	<ul style="list-style-type: none"> • have obtained such qualification as may be required by the JSE; • in the absence of the settlement officer <ul style="list-style-type: none"> a) deal with all queries by the JSE in relation to settlement; b) ensure that all transactions are settled in terms of these rules and directives; c) advise the JSE of any issue that may potentially impact on the settlement of a transaction; and d) cooperate with the Settlement Authority to ensure the efficient and timeous settlement of all transactions. 	
68	BD 2	1.5
In which modules of the Registered Persons Examination must a settlement officer have obtained a pass or be exempted from?	<ul style="list-style-type: none"> • Regulation and Ethics of the South African financial Markets; • Introduction to the Financial Markets; and 	

	<ul style="list-style-type: none"> • The Bond Market. 	
69	Rule 3.120.5	1
In the absence of a duly appointed compliance or settlement or alternate settlement officer who may temporarily assume the responsibility of the compliance or settlement or alternate settlement officer and for how long?	A senior director for no longer than 2 months.	
70	Rule 3.130.5	0.5
When does the temporary registration of a registered officer pending attainment of the qualifications required for the officer in question expire?	After a period not exceeding 90 days.	
71	Rule 3.140	1.5
Despite the appointment or registration of any registered officer who retains the overall responsibility for ensuring compliance with the Rules and Directives?	The member whose liability to fulfill those duties and responsibilities shall remain a principal liability and shall not be accessory or subordinate to the liabilities of such officer.	

DISCIPLINARY MATTERS		
72	Rule 4.10.1	1.5
What is monitored by the JSE's Surveillance Department systems?	<ul style="list-style-type: none"> • compliance by members with the Act, the rules and directives and any arrangements made with SAFCOM for the provision of services and facilities; • the surveillance of any matter relevant for the objectives of the Act and these rules and directives; and • supervising compliance by the interest rate members with the Financial Intelligence Centre Act, 2001 (Act No.38 of 2001). 	
73	Rule 4.10.2	3
What may be investigated by the Director: Surveillance or any other person designated by him? List 3.	<ul style="list-style-type: none"> • investigate any JSE related activities of any person who at the relevant time was a director, employee or officer of a member; • investigate whether that member or any of its employees complies with the Act, the rules, directives and the Financial Intelligence Centre Act; • 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 members or SAFCOM; • investigate whether a member is conducting its business in a manner which could be detrimental to the interest, good name or welfare of the JSE or its members; and • 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 access to any book, document, tape or electronic record or other object which has a bearing on the subject of the investigation, to produce such item or to appear at a time and place specified, to be questioned by the Director: Surveillance, 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 member, request to be assisted by an executive director of the member by which the person is employed. 	
74	Rule 4.30.1/2/3/4/5/6/7	3
What are the acts and practices whether of commission or omission which may constitute improper conduct? List 3.	<ul style="list-style-type: none"> • committing or attempting to commit any act which is dishonest or fraudulent; • being a party to, or facilitating or conducting a transaction which is fictitious or has a dishonest 	

	<p>or unlawful motive;</p> <ul style="list-style-type: none"> • contravening, attempting to contravene, or failing to comply with any provision of the Act, a rule or a directive; • negligently or recklessly conducting the business or affairs of the member in such a way that actual or potential prejudice is, or may be, caused to the JSE, any other member, a client of a member or the general public. The failure by a member to introduce appropriate and reasonable safeguards or controls to avoid such prejudice may, depending on the circumstances, be either negligent or reckless; • committing or attempting to commit any act which is detrimental to the interest, good name or welfare of the JSE or its members; • knowingly obstructing the business of the JSE or its members; • failing, when requested, to assist the JSE Surveillance Department in the exercise of its duties (which shall include failure without sufficient cause to provide information in accordance with rule 4.10.2.5). 	
75	Rule 5.10.1 /1/2/3/4	4
What may a client allege when submitting a client complaint? List 3.	<p>That he has suffered, or is likely to suffer financial prejudice as a result of the member: -</p> <ul style="list-style-type: none"> • contravening or failing to comply with any instruction given by the client, or any agreement or mandate entered into with the client; • contravening or failing to comply with the rules and the directives; • acting dishonestly, negligently or recklessly; or • treating the client unreasonably or unfairly; 	
76	Rule 5.20.1.1/2/3/4/5	2.5
What general internal complaint handling procedures must be provided for in the member's procedures?	<ul style="list-style-type: none"> • the receipt of oral or written complaints; • the appropriate investigation of complaints; • an appropriate decision-making process in relation to the response to a client complaint; • notification of the decision to the client; and • the recording of complaints. 	
77	Rule 5.50.1.1/2/3	1.5
What client complaint information must be maintained by the member as a record?	<ul style="list-style-type: none"> • the identity of the complainant; • the substance of the complaint; and • all correspondence in relation to the complaint. 	

TRADING		
78	Rule 2.10	1
Define “ 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;	
79	Rule 2.10	1
Define “agricultural derivatives”	means those commodity services which are derivative instruments and the finical terms which are determined by an underlying agricultural product which is physically settled in terms of the derivatives rules;	
80	Rule 2.10	1.5
Define “ authorized dealer”	means, in relation to any transaction in respect of gold, a person authorized by the Treasury to deal in gold and, in relation to any transactions in respect of foreign exchange, a person authorized by the Treasury to deal in foreign exchange;	
81	Rule 2.10	0.5
Define “bonds”	means those IRC securities which create or acknowledge indebtedness of the issuer, and “bond” has a corresponding meaning;	
82	Rule 2.10	1.5
Define “ broadcast”	means the communication or dissemination of bid and offer prices on an effective one-to-many and non-discretionary basis, excluding requests for quotes where the information is disseminated to a specific recipient;	
83	Rule 2.10	0.5
Define “business day” or “day”	means any day except a Saturday, Sunday, public holiday or any other day on which the JSE is closed;	
84	Rule 2.10	4.5
Define “buy”	means, in relation to IRC securities, to enter into either – <ul style="list-style-type: none"> (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 ate; 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;	
85	Rule 2.10	3
Define “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 the short position shall, if the option is exercised, be obliged to sell, the underlying instrument of the option contract from or to SAFCOM on or before the future date at the strike price in accordance with these rules and the contract specification of the option contract;	
86	Rule 2.10	2.5
Define “cash settled futures contract”	means a future contract contemplated in part (b) of the definition of a “futures contract” where a person will pay to or receive from another person an amount of money according to whether, on the future date, the prices or value of the underlying instrument is higher or lower than the agreed price on that future date;	
87	Rule 2.10	1
Define “central order book”	means the order matching mechanism of the trading system where orders are matched anonymously on the basis of price-time priority;	
88	Rule 2.10	0.5
Define “central securities depository”	means a person who is licensed as a central securities depository under section 32 of the Act;	
89	Rule 2.10	1
Define “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;	
90	Rule 2.10	0.5
Define “ client application”	means an electronic system used by a client to submit orders to a trading member;	
91	Rule 2.10	0.5
Define “commodity securities”	means those JSE listed securities traded on the JSE commodities trading system;	
92	Rule 2.10	1
Define “currency derivatives”	means those IRC securities which are derivative instruments and the financial terms of which are determined by a rate of exchange;	
93	Rule 2.10	2
Define “ derivative instrument”	means any – a) Financial instrument; or b) Contract, That creates rights and obligations and that derives its value from the price or value, or the value of which may vary depending on a change in the price or value,	

	of some other particular product or thing;	
94	Rule 2.10	0.5
Define “derivative rules”	means the rules and directives of the JSE applicable to the equity derivatives and commodity derivatives markets;	
95	Rule 2.10	0.5
Define “derivative securities”	means those JSE listed securities traded on the applicable JSE derivatives trading system;	
96	Rule 2.10	1
Define “derivatives 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 for the trading of derivative securities;	
97	Rule 2.10	0.5
Define “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;	
98	Rule 2.10	0.5
Define “ equity securities”	means those JSE listed securities traded on the JSE equities trading system;	
99	Rule 2.10	1
Define “ 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;	
100	Rule 2.10	3
Define “futures contract”	means a contract, the effect of which is that - (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;	
101	Rule 2.10	1
Define “ interest rate derivatives”	means those IRC securities which are derivative instruments and the financial terms of which are determined by a rate of interest;	
102	Rule 2.10	0.5
Define “IRC securities”	means the interest rate and currency securities listed on the JSE and traded on the trading system;	
103	Rule 2.10	1
Define “ JSE commodities 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 for the trading of commodity securities;	
104	Rule 2.10	1
Define "JSE Equities 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 for the trading of equity securities;	
105	Rule 2.10	0.5
Define "JSE listed securities"	means those securities included in the list of securities kept by the JSE;	
106	Rule 2.10	1
Define "JSE systems"	means any system, device or network which is operated by or on behalf of the JSE for the purpose of providing a market;	
107	Rule 2.10	0.5
Define "listed securities"	means securities included in the list of securities kept by an exchange in terms of section 12;	
108	Rule 2.10	0.5
Define "Market Controller"	means the person appointed by the JSE, to supervise, administer and control the daily operations of the trading system;	
109	Rule 2.10	0.5
Define "match"	means the matching of a buy order with a sell order on the central order book or the matching of reported transactions executed by trading members;	
110	Rule 2.10	3.5
Define "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 trading system a purchase transaction and a sale transaction with or on behalf of the two counterparties through the trading member's stock account;	
111	Rule 2.10	0.5
Define "option contract"	means a put option contract or a call option contract, as the context may require;	
112	Rule 2.10	1
Define "order"	means a commitment to buy or sell a specified quantity of futures and option contracts or a specified nominal value of bonds;	
113	Rule 2.10	0.5
Define "own funds"	means the net financial worth of a member calculated	

	in the manner determined by the JSE;	
114	Rule 2.10	1.5
Define “physically settled futures contract”	means a futures contract contemplated in part (a) of the definition of a “futures contract”; where a person agrees to deliver the underlying instrument to or receive it from another person at an agreed price on a future date;	
115	Rule 2.10	0.5
Define “position”	means either a long position or a short position;	
116	Rule 2.10	0.5
Define “price”	means price, rate or yield as the context may require;	
117	Rule 2.10	0.5
Define “Principal”	means a trading member who has traded with a client or another member for its own account;	
118	Rule 2.10	2
Define “principal assignment trade”	means the assignment of a trade or divided trade or aggregated trades, executed on the central order book of the trading system for a trading member’s principal assignment stock account to a client or clients as a separate trade at a price or at an average price which includes such trading member’s profit;	
119	Rule 2.10	0.5
Define “proprietary position”	means a position registered by SAFCOM in the name of a trading member for the trading member’s own account;	
120	Rule 2.10	3.5
Define “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 SAFCOM on or before the future date at the strike price in accordance with these rules and the contract specification of the option contract;	
121	Rule 2.10	2
Define “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;	
122	Rule 2.10	1.5
Define “reported transaction”	means a value eligible transaction in IRC securities or such other eligible transactions that the JSE may determine, as set out in rule 7.120.1, which may be conducted off the central order book of the trading system but must be reported through the trading system;	

123	Rule 2.10	10
Define "securities"	<p>a) Means –</p> <ul style="list-style-type: none"> i. Shares, stocks and depository receipts in public companies and other equivalent equities, other than shares in a share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980); ii. Notes; iii. Derivative instruments; iv. Bonds; v. Debentures; vi. Participatory interest 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; vii. Units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; viii. Instruments based on an index; ix. The securities contemplated in subparagraphs (i) to viii) that are listed on an external exchange; and x. An instrument similar to one or more of the securities contemplated in subparagraphs (i) to (ix) declared by the registrar by notice in the <i>Gazette</i> to be a security for the purposes of this Act; xi. Rights in the securities referred to in subparagraphs (i) to (x); <p>b) Excludes –</p> <ul style="list-style-type: none"> i. Money market instruments except for the purposes of Chapter IV of the Act; and ii. Any security contemplated in paragraph (a) specified by the registrar by notice in the <i>Gazette</i>; 	
124	Rule 2.10	4.5
Define "sell"	<p>means, in relation to IRC securities, to enter into either –</p> <p>(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</p>	

	<p>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</p> <p>(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</p> <p>(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;</p>	
125	Rule 2.10	1
Define "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;	
126	Rule 2.10	1.5
Define "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 for the trading of IRC securities;	
127	Rule 2.10	0.5
Define "transaction"	means a contract of purchase and sale of securities;	
128	Rule 2.10	1
Define "uncertificated securities"	means securities that are not evidenced by a certificate or written instrument and are transferable by entry without a written instrument;	
129	Rule 7.10.2	1.5
When will a transaction negotiated off the trading system in terms of the Rules be deemed a valid transaction?	A transaction negotiated off the trading system is only deemed to be a valid transaction once the transaction has been reported to the trading system by the member or members who are party to the transaction.	
130	Rule 7.30.1.2.1/2	1
What is required by the member to access and utilize the JSE trading system?	<ul style="list-style-type: none"> enter into and sign such agreements; and adhere to such requirements and specifications, as may be prescribed by the JSE Executive. 	
131	Rule 7.30.5	1.5
What are the requirements for the recording of transactions by a member?	Every trading member must 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.	
132	Rule 7.40.3	1
When may the Director: Surveillance cancel an automated trade, auction trade or reported	If, in the opinion of the Director: Surveillance, an automated trade, auction trade or reported	

transaction without having received a formal request to do so by a member?	transaction materially impacts the integrity or transparency of the IRC markets, or the correctness of the statistics.	
133	Rule 7.40.3.1 /2	1
If the Director: Surveillance cancels an automated trade, auction trade or reported transaction who may be instructed to enter an equal and opposite correction trade?	<ul style="list-style-type: none"> the member or members on the trade date of the original trade; or the Settlement Authority on behalf of the member or members on the day after the original trade. 	
134	Rule 7.70.2	0.5
What must be obtained from a client prior to trading as principal?	The consent of the client.	
135	Rule 7.80.1.1	1
What is required by the trading member prior to trading with or on behalf of clients?	A trading member must enter 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 <i>pro forma</i> agreement in Directive DC.	
136	Rule 7.80.2.1/2/3/5/6	4
What client information and records must be obtained and maintained by a member?	<p>A trading member must: -</p> <ul style="list-style-type: none"> have 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. As a minimum, authenticate the identity of such client and maintain a record of the means of such authentication before undertaking to execute any transaction for a new client. Have loaded the client on the trading system by recording the client's particulars that are required by the trading system. Ensure that the particulars relating to its clients are correct and up to date at all times. Ensure that clients which have ceased trading with the trading member are removed from the record of clients of the trading member on the trading system. 	
137	Rule 7.100.1	0.5
When is a member required to use designated agency suspense accounts, as specified in the directives, for the order entry, trading consolidation, division or allocation of such order and trades?	When bulking or aggregating agency client orders and trades, as specified in the directives.	
138	Rule 7.100.2	0.5
When is a trading member precluded from trading on the designated agency suspense	When trading for their own account or for any accounts in which employees have a direct or indirect	

accounts?	beneficial interest.	
139	Rule 7.100.3	0.5
When is a member prohibited from aggregating a number of trades that were executed on the 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?	A trading member may not aggregate reported transactions with trades executed in the central order book of the trading system.	
140	Rule 7.120.8	0.5
If a reported transaction in bonds is reported to the trading system by a person other than a dealer, what record must be retained by the member?	The trading member must retain a record identifying the dealer who was responsible for executing the transaction.	
141	Rule 7.130.2.1/2/3	4
What requirements must be met for the Director: Surveillance to agree to an equal and opposite correction trade in respect of central order book trades?	<ul style="list-style-type: none"> the request is received by the Director: Surveillance within 20 minutes from the time of the erroneous trade; the consideration or contract value of the trade or trades for which the correction trade is requested is 5% or more away from the consideration or contract value immediately before the erroneous trade occurred, or, if there were no automated or auction trades on that day, the consideration or contract value per the previous day's closing price; and the difference between the aggregate consideration or contract value of the trades that qualify and the consideration or contract value that would have resulted had such trades been executed at the reference price is R50 000 (fifty thousand Rand) or more. 	
142	Rule 7.130.3.1/2	2
How may a member correct a trade reported in error?	<ul style="list-style-type: none"> reporting an equal and opposite correction trade to the trading system by 17h00 on the second business day after the trade date; or in exceptional circumstances where the trading member is unable to correct the error by 17h00 on the second business day after the trade date, requesting the Settlement Authority to effect an equal and opposite correction trade on behalf of the relevant member or members on that business day. 	
143	CB 2	1
In which account must any unallocated purchase or sale emanating from a firm order from a client be placed?	In a suspense account and must be allocated to a client's account by the close of business, unless an agency suspense account dedicated to a particular client is being used.	
144	CB 3	0.5
What must a member demonstrate if a	That no agency client is prejudiced as a result thereof.	

transaction is allocated from an agency suspense account to accounts of interested parties?		
145	CB 4.1/4.2/4.3/4.4	2.5
What controls must be implemented to prevent prejudice to agency clients when utilizing agency suspense accounts?	<ul style="list-style-type: none"> the use of separate suspense accounts for interested party trades; the use of separate suspense accounts dedicated to specified agency clients; the use of separate suspense accounts where the trading instruction and allocation instruction vests with one person, such as an investment manager; and an adequate segregation of duties over accounts managed with full discretion on behalf of interested parties to ensure that the interested parties have no influence over either the trading instruction or the allocation instruction. 	
146	CB 5	1
What is an interested party trade for the purposes of directive CB and directive CC?	A trade in which the member, a director, officer or employee of the member has a direct or indirect beneficial interest.	
147	CB 6	1
Should a trade not be allocated to clients by close of business on the trade date where must the trade be transferred and by when?	Must be transferred to a misdeals account by the close of business on the following business day.	
148	CB 8	0.5
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 purposes of a n unallocated purchase or sale which emanates from a firm order from a client or for trades not allocated to clients by close of business on the trade date. True or false?	True	
149	CC1	1
What are the requirements for any unassigned purchase or sale position that emanates from a firm order from a client?	Must be placed in a principal assignment stock account and must be assigned to a client's account by the close of business.	
150	CD1	0.5
Through which account must all misdeals in bond transactions be routed?	A separate misdeals account.	
151	CD 3	0.5
Bond transactions placed into a client's account resulting from a missed deal, must be booked as a reported transaction from a misdeals account. True or false?	True	

152	CE 1	0.5																		
What is the minimum number of contracts for value eligible reported transaction in respect of interest rate derivatives?	20 (twenty) contracts.																			
153	CE 2.1/2.2	1																		
What are the minimal nominal values for value eligible reported transactions in respect of bonds?	<ul style="list-style-type: none"> • R1 (one Rand) nominal; and • R1 (one Rand) nominal, per leg, in respect of carry transactions. 																			
154	CE 3.1 / 3.2	3.5																		
What is the minimum number of contracts for value eligible reported transactions in respect of currency derivatives?	<p>3.1 Currency futures</p> <table> <thead> <tr> <th><i>Contract Code</i></th> <th><i>Minimum number of contracts</i></th> </tr> </thead> <tbody> <tr> <td>Dollar/Rand (\$/R)</td> <td>201 (two hundred and one) contracts</td> </tr> <tr> <td>Euro/Rand (€/R)</td> <td>1 (one) contract</td> </tr> <tr> <td>Sterling/Rand (£/R)</td> <td>1 (one) contract</td> </tr> <tr> <td>Australian Dollar/Rand (AU\$/R)</td> <td>1 (one) contract</td> </tr> <tr> <td>Japanese Yen/Rand (¥/R)</td> <td>1 (one) contract</td> </tr> <tr> <td>Canadian Dollar/Rand (CAD/R)</td> <td>1 (one) contract</td> </tr> </tbody> </table> <p>3.2 Currency options</p> <table> <thead> <tr> <th><i>Contract Code</i></th> <th><i>Minimum number of contracts</i></th> </tr> </thead> <tbody> <tr> <td>All option contracts</td> <td>10 (ten) contracts</td> </tr> </tbody> </table>	<i>Contract Code</i>	<i>Minimum number of contracts</i>	Dollar/Rand (\$/R)	201 (two hundred and one) contracts	Euro/Rand (€/R)	1 (one) contract	Sterling/Rand (£/R)	1 (one) contract	Australian Dollar/Rand (AU\$/R)	1 (one) contract	Japanese Yen/Rand (¥/R)	1 (one) contract	Canadian Dollar/Rand (CAD/R)	1 (one) contract	<i>Contract Code</i>	<i>Minimum number of contracts</i>	All option contracts	10 (ten) contracts	
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155	CF 1.1/1.2/1.3/1.4/1.5	2																		
What client information must a member obtain and maintain for each account holder?	<ul style="list-style-type: none"> • the full name of the account holder; • identity number or registration number, as the case may be; • physical and postal address; • telephone number; • type of account holder (e.g. private individual, company, close corporation, pension fund etc) 																			
156	CF 1.5	3																		
What types of account holder does Directive CF 1.5 name?	<ul style="list-style-type: none"> • private individual; • company; • close corporation; • private trust; • partnership; • joint venture; • syndicate; • investment club; • pension or provident fund; • mutual fund or unit trust; • government agency; • public utility; or • religious, educational or welfare organization. 																			
157	CF 2.1/2.2/2.3/2.4	1.5																		
What information must be obtained in respect of the person / s responsible for placing instructions on a client account if the person	<ul style="list-style-type: none"> • full name; • identity number; 																			

placing instructions is not the individual in whose name the account is held?	<ul style="list-style-type: none"> • physical address; and • telephone number. 	
158	CF3	1.5
What details are required to be confirmed by the client in writing, including any changes thereto?	The information referred to in CF 1 and CF 2 together with any bank account details provided by the client, must be confirmed by the client in writing and the member must maintain a record of such confirmation. Any changes to the said information must be advised by the client in writing to the member as soon as practicable.	
159	CH 1	1
In respect of a transaction on or reported to the trading system with or on behalf of a client what must be issued by the member to the client and by when?	An advice note or electronic confirmation confirming the transaction before 12h00 on the business day following the transaction.	
160	CI 2	1
What does 'inward listed securities' mean for the purpose of Directive CF?	Means securities issued by foreign issuers, which have been listed on the JSE in terms of the South African Reserve Bank's exchange control regulations.	
161	CI 3	0.5
For whom may a member not trade in inward listed securities or currency derivatives?	A non-resident blocked rand account (emigrant client).	
162	CI 3	1
If a trading member carries out a transaction in inward listed securities or currency derivatives for or on a non-resident blocked rand account, what will the Settlement Authority instruct the member to do?	To transfer the transaction from the client's account to the member's misdeals account and the member will assume responsibility for the transaction.	
163	CI 4	2
Who may hedge currency derivatives positions with foreign currency?	A trading member who is an authorized dealer and has been granted specific approval by the Exchange Control Department of the South African Reserve Bank to act as a market maker in the trading of currency derivatives.	
164	CJ 1	1.5
What are the transgressions relating to reported transactions in bonds that result in a R2100 penalty per occurrence?	<ul style="list-style-type: none"> • Failure to report a trade between two members within 30 minutes from the time of the conclusion of such trade. • Failure to report a trade between a member and a client before the trading system closing time on the trade date. • Failure to capture the correct trade date and time when reporting a trade to the trading system. 	
165	CJ 4	2.5
In the event of a penalty being imposed for a transgression what is the member's right?	An objection to a penalty imposed by the Director: Surveillance must be lodged in writing accompanied by mitigating evidence as to why the penalty should be set aside. The letter of objection must be signed by	

	the compliance officer of the member and received by the Director: Surveillance by no later than 15h00 on the day that the penalty is due and payable.	
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CLEARING		
166	Rule 2.10	1
Define "additional margin"	means the margin paid to a clearing member by a trading member over and above that required by SAFCOM or to a trading member by a client over and above that required by the clearing member;	
167	Rule 2.10	2
Define " assign"	means the exercise by SAFCOM 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;	
168	Rule 2.10	3
Define "Clearing"	means the process in terms of which SAFCOM becomes the buyer from the seller and the seller to the buyer in every matched transaction in an IRC security executed on the central order book or where a clearing member accepts a reported transaction for risk management, whereupon the clearing member guarantees to SAFCOM all obligations arising out of any position resulting from such transaction in terms of these rules;	
169	R2.10	2
Define "Clearing agreement"	means a written agreement entered into between a clearing member and a trading member in terms of which the trading member guarantees to the clearing member the performance of the obligations arising out of the positions of the trading member and the clients of the trading member;	
170	Rule 2.10	1
Define "clearing member"	Means a sub-category of authorized user of the JSE, registered to perform clearing in the IRC markets and who has entered into a SAFCOM agreement with SAFCOM;	
171	Rule 2.10	1
Define "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);	
172	Rule 2.10	1
Define "exercise"	means in relation to the registered holder of a long position in a 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;	
173	Rule 2.10	1
Define "expire"	means the closing out of a position in an IRC security by way of a transaction generated by SAFCOM between the registered holder of a position and SAFCOM in terms of these rules;	

174	Rule 2.10	1
Define “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;	
175	Rule 2.10	1
Define “ initial margin”	means the value determined by SAFCOM on the basis specified by the JSE and held in respect of the aggregate position of a trading member or a client;	
176	Rule 2.10	3.5
Define “long position”	means a number of IRC securities registered by SAFCOM 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;	
177	Rule 2.10	1
Define “margin”	means either initial margin, settlement margin, variation margin, top-up margin, additional margin or retained margin as the context may require;	
178	Rule 2.10	1.5
Define “margin category”	means the margin category, expressed as a percentage of the initial margin or settlement margin, which is allocated to a non-resident or emigrant client by the member when the non-resident or emigrant client is registered;	
179	Rule 2.10	0.5
Define “mark-to-market”	means the revaluation of a position in an IRC security to its current market value;	
180	Rule 2.10	1
Define “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 8.50.6;	

181	Rule 2.10	2
Define "SAFCOM agreement"	means a written agreement entered into between a clearing member and SAFCOM in terms of which the clearing member guarantees to SAFCOM all of the obligations arising out of its proprietary positions, the positions of its clients, the proprietary position of the trading members with which it has entered into a clearing agreement and the positions of the clients of such trading members;	
182	Rule 2.10	1
Define "settlement margin"	means the amount of money determined by SAFCOM 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;	
183	Rule 2.10	3.5
Define "short position"	means a number of IRC securities registered by SAFCOM 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 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;	
184	Rule 2.10	1.5
Define "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 reported to the trading system and accepted by the respective clearing members as a reported transaction for risk management purposes;	
185	Rule 2.10	1.5
Define "underlying instrument"	means the corporeal or incorporeal thing, asset, index, currency, rate or 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;	
186	Rule 2.10	0.5

Define "variation margin"	means the amount of margin payable as a result of the marking-to- market of positions in futures and option contracts;	
187	Rule 8.20.1.1/2/3/4	3
What must SAFCOM ensure when performing the clearing?	<ul style="list-style-type: none"> trades in IRC securities executed on the central order book of the trading system; reported transactions in futures and options contracts reported to and matched by the trading system; reported transactions in bonds reported to the trading system, where the respective clearing members accept the reported transactions for risk management purposes ; and principal assignment trades in bonds reported to the trading system, where the original trade being assigned is cleared in terms of the above. 	
188	Rule 8.20.2	1
Once the transaction is cleared to whom does SAFCOM become the counterparty?	SAFCOM shall replace the buyer and become the counterparty to the seller and it shall replace the seller and become the counterparty to the buyer.	
189	Rule 8.30.1	1
What requirements must be fulfilled 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 in the name of the trading member or its client when the transaction is cleared.	
190	Rule 8.30.2	1.5
What transpires with a futures or option contract comprising a transaction which has been cleared?	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.	
191	Rule 8.30.3.1/2	2
List the requirements on the expiry of an option contract of which the strike price is not better by a certain amount determined by the JSE, in the directives, than the expiry price of the underlying instrument of the option contract.	<ul style="list-style-type: none"> the person in whose name a long position in the option contract is registered by SAFCOM shall be deemed to have sold the number of the futures contracts equal to the number comprising the position, to SAFCOM; and the person in whose name a short position in the option contract is registered by SAFCOM shall be deemed to have bought a number of the futures contracts equal to the number comprising the position, from SAFCOM. 	<ul style="list-style-type: none">
192	Rule 8.30.4	1.5
How is the price of a futures contract where the strike price of the option contract is not better than the expiry price of the underlying	The price 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	

instrument of the option contract determined?	option contract which shall apply to such purchase or sale shall be zero.	
193	Rule 8.30.6	0.5
Who will be deemed to have exercised the option contract where the strike price of an option contract is, on expiry, better 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.	
194	Rule 8.30.7	4
On the expiry of a physically settled futures contract and on instruction from the Market Controller, <ul style="list-style-type: none"> • who must report the purchase of the underlying bonds? • who must report the sale of the underlying bonds? • At what price? • How does the transaction take place? 	<ul style="list-style-type: none"> • The holder of a long position in the futures contract shall, through the trading system, report a purchase of the underlying bonds; • The holder of a short position shall, through the trading system, report a sale of the underlying bonds; • The price shall be the expiry price determined in the manner prescribed in the contract specification of the futures contract in question referred to in Rule 8.30.4; • The purchase, sale, delivery and receipt of the underlying bonds shall take place in accordance with rule 9. 	
195	Rule 8.40.1	0.5
When are the positions in each IRC security of members and their clients' marked-to-market?	At 17h30 on each business day, or such other time as SAFCOM may determine on a particular business day.	
196	Rule 8.40.1	0.5
On what basis are the positions in each IRC security of all trading members and their clients marked-to market??	On such basis as SAFCOM may determine.	
197	Rule 8.40.2	1
When may SAFCOM in its sole discretion carry out additional mark-to market?	At any time on any business day if, in its sole discretion, the conditions in the IRC markets for the security or its underlying instrument warrants such additional mark-to-market.	
198	Rule 8.50.1	0.5
When does a member or client pay initial margin?	Whenever the risk of loss, as determined by SAFCOM, changes with respect to the aggregate positions of such trading member or client.	
199	Rule 8.50.2	1.5
When does a member or client pay settlement margin?	Where the trading member or client has unsettled bonds positions and where such positions arose either from transactions executed on the central order book of the trading system or from reported transactions reported to the trading system where the respective clearing members accept the reported transactions for risk management purposes.	
200	Rule 8.50.3	1
What are the member or client obligations for	As the result of the marking-to-market of a position or	

the payment of variation margin?	the closing out of a position or part thereof or the expiry on option contract as contemplated in rule 8.30.3.	
201	Rule 8.50.4	0.5
Top-up margin must be paid by a member or client who has an unsettled bond position as a result of a transaction executed on the central order book. True or false.	True	
202	Rule 8.50.5.1	0.5
When may a clearing member require a trading member, with whom it has entered into a clearing agreement, to pay an additional margin?	As agreed upon between the parties in terms of the clearing agreement.	
203	Rule 8.50.6.1/2	2.5
What are the requirements for a retained margin?	<ul style="list-style-type: none"> • the client's prior written agreement; • as a pre-requisite for the trading member to trade with the client; and/or • in anticipation of future transactions; • provided that the retained margin shall be repaid to the client if the client has not traded with the trading member within 30 days. 	
204	Rule 8.50.7	1
What are the client requirements for a maintenance margin level?	where a client has additional margin deposited with a trading member, they may agree 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.	
205	Rule 8.60.1	2
What are SAFCOM's interest payment obligations?	SAFCOM shall 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 referred to in rule 10.50.2, to each clearing member in relation to the margin held in respect of the positions of the clearing member, its clients and trading members and the clients of such trading members for the previous month.	
206	Rule 8.60.2	0.5
Monthly in arrears a clearing member may remit interest received from SAFCOM to members. True or false	True	
207	Rule 8.60.3	1
What are the requirements for a member to remit interest received from SAFCOM or a clearing member in terms of rules 8.60.1 or 8.60.2 to clients?	Monthly in arrears in relation to the positions of such clients at any time during the preceding month, subject to any additional margin arrangements.	
208	Rule 8.70.1	2.5
What are the requirements for the JSE to levy trading and clearing fees on a clearing	With the exception of transactions in bonds, the JSE shall levy trading and clearing fees on a clearing	

member?	member in respect of the trades of the clearing member, its clients and the trading members with whom the clearing member has entered into clearing agreements, in an amount and in a manner as decided by the JSE Executive, and such fees may be recovered from the clearing member on behalf of the JSE by SAFCOM.	
209	Rule 8.70.2	0.5
What are the requirements for a clearing member to levy trading and clearing fees on members?	Fees and charges in accordance with the schedule of fees which shall form part of the clearing agreement between a clearing member and the members.	
210	Rule 8.70.3	0.5
What are the requirements for a trading member to levy trading and clearing fees on clients?	Fees and charges in accordance with the schedule of fees and charges which shall form part of the client agreement.	
211	Rule 8.70.4	0.5
When is a trading member prohibited from levying 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.	
212	Rule 8.80.2	0.5
When must payments to SAFCOM from a clearing member be paid?	Not later than 12h00 on the business day following the day on which such payment accrued or such other time as SAFCOM may in its sole discretion determine.	
213	Rule 8.80.3	1
What must be paid to SAFCOM by a clearing member when SAFCOM has marked-to market a proprietary, client or trading member position or the position of a client of such trading member?	The amount of variation margin or top-up margin at the time stipulated by SAFCOM when the clearing member is notified by it of the mark-to-market.	
214	Rule 8.80.4.1/2/3/4	2.5
What are a trading member's responsibilities to the clearing member in respect of net amounts to be paid?	<ul style="list-style-type: none"> • subject to rule 10.130.2 in respect of non-resident and emigrant clients, the initial margin, settlement margin and top-up margin referred to in rule 8.50; • the additional margin referred to in rule 8.50.5.1; • the variation margin referred to in rule 8.50.3; and • the trading, clearing and settlement fees for transactions in interest rate and currency derivatives, referred to in rule 8.70.2. 	
215	Rule 8.80.5	1
When must payment between a trading member and clearing member take place?	Not later than 12h00 on the business day following the day on which such payment accrued, or at such other time as the trading member and the clearing member have specifically agreed upon with respect to a particular payment.	
216	Rule 8.80.6	1.5

What are a trading member's payment obligations to the clearing member where SAFCOM has marked-to-market a proprietary or client position?	The trading member shall pay to the clearing member the amount of variation margin or top-up margin by the time, as stipulated by SAFCOM and as notified to the trading member by the clearing member, and no relaxation shall be given to a trading member without the prior approval of SAFCOM.	
217	Rule 8.90.1.1	1
When and how may a client in whose name a long position in an option contract is registered exercise an option contract?	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.	
218	Rule 8.90.1.2	1
When and how may a trading member who has a proprietary long position in an option contract registered in its name exercise an option contract?	On the expiry date up to the expiry time of the option contract, by executing the exercise on the trading system in the manner prescribed by the JSE or as set out in the directives.	
219	Rule 8.90.1.2	1
When and how may a trading member exercise an option contract registered in the name of a client which are exercised on the instruction of the client?	On the expiry date up to the expiry time of the option contract, by executing the exercise on the trading system in the manner prescribed by the JSE or as set out in the directives.	
220	Rule 8.90.2	0.5
Upon the exercise of an option by a trading member who has a proprietary long position in an option contract, the person in whose name the long position in the option contract was registered shall be deemed to have bought or sold the underlying instrument of the option contract at the strike price from or to SAFCOM. True or false.	True	

SETTLEMENT		
221	Rule 2.10	2
Define "allocation"	means a transfer of a trade or divided trade, or a transfer of the aggregated trades, executed on the central order book of the trading system or reported to the trading system in an agency capacity, from a trading member's suspense account to a client at the price or average price of the original trade or trades;	
222	Rule 2.10	1.5
Define "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;	
223	Rule 2.10	0.5
Define "cash root"	means the source of the funds due by the ultimate buyer of the bonds ;	
224	Rule 2.10	2.5
Define "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;	
225	Rule 2.10	1
Define "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;	
226	Rule 2.10	0.5
Define "external exchange"	means a person authorized to function as an exchange in terms of the laws of a country other than the Republic;	
227	Rule 2.10	1
Define "failed trade"	means a trade in bonds which the Settlement Authority deems to be a failed trade on the basis that neither the client, the member nor the Settlement Authority is able to ensure that such trade will settle on the settlement date;	
228	Rule 2.10	1
Define "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;	
229	Rule 2.10	1
Define "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;	

230	Rule 2.10	0.5
Define "Lending fees"	means the fees due by the trading member or client in respect of loaned bonds;	
231	Rule 2.10	2
Define "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;	
232	Rule 2.10	0.5
Define "Loaned funds"	means the funds borrowed by a trading member or client from the Settlement Authority;	
233	Rule 2.10	0.5
Define "loaned bonds"	means the uncertificated securities borrowed by a trading member or client through the Settlement Authority;	
234	Rule 2.10	2
Define "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;	
235	Rule 2.10	0.5
Define "Loan fees"	means the interest and fees due to the Settlement Authority by a trading member or client in respect of loaned funds provided;	
236	Rule 2.10	0.5
Define "loan period"	means the period of time expressed in days from the loan date to the return date;	
237	Rule 2.10	0.5
Define "loan recall"	means a demand by the Settlement Authority for the return of equivalent bonds in terms of a lending transaction;	
238	Rule 2.10	1
Define "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;	
239	Rule 2.10	3
Define "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	

	<p>members or a client and another trading member);</p> <p>(b) discloses the identity of the two counterparties to the transaction to each other; and</p> <p>(c) leaves it to those counterparties to report the transaction between them to the trading system;</p>	
240	Rule 2.10	0.5
Define "non-member settled client"	means a client other than a member settled client who has appointed his own CSDP to settle transactions in bonds on his behalf;	
241	Rule 2.10	1.5
Define "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;	
242	Rule 2.10	0.5
Define "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;	
243	Rule 2.10	0.5
Define "risk disclosure statement"	means the risk disclosure statement annexed to the client agreement;	
244	Rule 2.10	0.5
Define "rolling settlement"	means a settlement environment where transactions become due to be settled a prescribed number of days after the trade date;	
245	Rule 2.10	1
Define "rolling of settlement"	means the process initiated by the Settlement Authority in terms of which the settlement date of a transaction in bonds is postponed to a later date as determined by the Settlement Authority;	
246	Rule 2.10	0.5
Define "scrip root"	means the source of bonds delivered by the ultimate seller of the bonds;	
247	Rule 2.10	0.5
Define "Settlement Authority"	means the person or persons appointed by the JSE to manage the settlement of transactions in bonds effected through the trading system in terms of these rules and directives and the Strate rules;	
248	Rule 2.10	0.5
Define "settlement commitment"	means an electronic undertaking by a CSDP to settle a transaction in bonds for a trading member or a client;	
249	Rule 2.10	0.5
Define "settlement date"	means in respect of a transaction in bonds, the date on which the transaction is due to be settled;	
250	Rule 9.15.1	1

Which transactions subject to rule 9.15.2 are trading members required to guarantee?	All transactions in IRC securities entered into by the trading member for its own account and on behalf of a client or another member, executed on the central order book of the trading system or reported to the trading system.	
251	Rule 9.15.2.1	1
In which transaction will a client have no recourse against a trading member?	Where 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 trading system.	
252	Rule 9.15.2.2	0.5
In a reported transaction where a trading member facilitates a transaction in bonds on a name give-up basis on behalf of a client or another trading member when will client or other trading member have no recourse against the facilitating trading member?	Where the trading member is not recorded as counterparty to the transaction reported to the trading system.	
253	Rule 9.15.3	1
Except in the circumstances set out in rule 9.15.2, against whom may a client take action in respect of a market transaction?	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.	
254	Rule 9.15.4	1
Who must ensure that buyers and sellers of bonds are aware of their settlement obligations?	A trading member. However, if a client is not aware of such settlement obligations, the client remains bound by the settlement rules contained in this section 9.	
255	Rule 9.20.1/2/3/4	3
What are the principles for the settlement of bonds?	<ul style="list-style-type: none"> • trade by trade; • between the scrip root and the cash root; • rolling and contractual; and • on a net basis per trading member, per settlement date, per listed bond whereby individual transactions are consolidated and offset into net amounts of bonds and funds for settlement by Strate. 	
256	Rule 9.30.1.1/2/3/4/5	3.5
List the Settlement Authority's management responsibilities?	<ul style="list-style-type: none"> • the settlement of transactions in bonds executed on the central order book of the trading system; • the settlement of transactions in bonds reported to the trading system, where the respective clearing members accept the reported transactions for risk management purposes; • the settlement of principal assignment trades in bonds reported to the trading system; • the settlement of all other reported transactions in bonds reported to the trading system; and • the risks associated with the settlement of the 	

	transactions referred above.	
257	Rule 9.30.2.4	0.5
When may the Settlement Authority take action?	When the settlement of a transaction in bonds is unlikely to take place on settlement date.	
258	Rule 9.30.2.5	0.5
The Settlement Authority may not enter into a carry or repurchase transaction through the trading system on behalf of a trading member or client to facilitate the settlement process and manage the risk associated with such process. True or false	False	
259	Rule 9.30.2.6	0.5
The Settlement Authority may not borrow, as agent, on behalf of a trading member or client as undisclosed principal, bonds from third parties to facilitate the settlement process and manage the risks associated with such process. True or false	False	
260	Rule 9.30.2.7	1
When and on whom may the Settlement Authority levy fees?	On trading members for the loan of bonds or funds to trading members or clients in order to facilitate the settlement process.	
261	Rule 9.30.2.8	1
When and on whom may the Settlement Authority impose penalties on trading members?	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.	
262	Rule 9.30.2.11 and ED33	1
What actions must the settlement Authority take if it becomes aware of a transaction not being able to settle which may, in the Settlement Authority's sole discretion, cause systemic risk?	Defer the settlement of such transaction by notifying Strate accordingly and extending the times referred to in rules 9.70, 9.80, 9.90, 9.100, 9.130 and 9.135.	
263	Rule 9.40.1.1 and 2	1
What must a client ensure when placing an order in respect of bonds with a trading member?	<ul style="list-style-type: none"> the client has directly or indirectly appointed a CSDP; and the client has taken the appropriate steps to ensure that settlement of the transaction will occur on settlement date 	
264	Rule 9.40.2.1 and 2	2
What must a trading member ensure when placing an order or reporting a transaction in respect of bonds on the trading system?	<ul style="list-style-type: none"> if a client with whom or on whose behalf the trading member is trading is not a 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 	

	<ul style="list-style-type: none"> • settlement of the transaction will occur on settlement date. 	
265	Rule 9.50.1/2/3/4	2.5
When may a trading member borrow, lend or use bonds purchased or held on behalf of member settled clients?	<ul style="list-style-type: none"> • deliver such bonds to the client on whose behalf they are being held or to his order; or • satisfy a sale made on behalf of the client concerned; or • sell the bonds being held on behalf of a client, under any of the circumstances of breach by the client set out in rule 9.100; or • 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. 	<ul style="list-style-type: none"> •
266	Rule 9.60	0.5
Why must bonds received that have been purchased on behalf of member settled clients be recorded in the member's accounting records on that day?	So as to establish the identity of the client entitled thereto.	
267	Rule 9.70.2.1	1.5
When is there an exception to the rule that a trade in bonds by a trading member must be allocated to a client or trading member's proprietary account on the trade date?	Where a trade on a suspense account dedicated to a particular client has not been allocated on 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 up to 17h00 on the second business day after the original trade.	
268	Rule 9.70.2.1 and ED 6.1	1.5
What is the procedure for late allocations after 17h00 on the second business day after the trade date, in contravention of the allocation rules?	All late allocations will be effected by the Settlement Authority subject to the payment of the fee as prescribed by directive EJ. Any late allocation shall be communicated to and accepted by the client within sufficient time to allow for the CSDP of the client to commit no later than 11h00 on settlement date.	
269	Rule 9.70.2.2 and ED 6.2	1.5
What are the trading member's obligations if a trade is effected through a principal assignment stock account?	The trade must be assigned to a client on the trade date: Provided that where a trade has not been assigned on the trade date, to ensure that the trade still settles on settlement date, late principal assignment trades must be effected by the trading member up to 17h00 on the second business day after the original trade.	
270	Rule 9.70.2.2	1.5
What is the procedure for late principle assignment trades in contravention of the allocation rules?	All late principal assignment trades will be effected by the Settlement Authority subject to the payment of the fee as prescribed by directive EJ. 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 commit no later	

	than 11h00 on settlement date.	
271	Rule 9.70.2.3 and ED 5	0.5
When subject to rules 9.70.2.1 and 9.70.2.2 must a trade in bonds be communicated to a client?	On the trade date.	
272	Rule 9.70.2.4	1
When is a trade in bonds deemed to have been accepted by a client?	In the absence of notification from the client to the contrary by no later than 12h00 on the business day after the original trade.	
273	Rule 9.70.2.5	0.5
When must the trade in bonds be committed to by the CSDP of the trading member or client?	By no later than 11h00 on the settlement date.	
274	Rule 9.70.2.7 and 8	2
The settlement table states that a trade in bonds must be settled on the third business day after the trade date, what are the exception/s to this rule?	<ul style="list-style-type: none"> • if the counterparties to a reported trade agree thereto, be settled on the trade date or on the first or second business day after the trade date; and • if the trade is a carry transaction or a forward transaction, be settled on such date as may be agreed to by the counterparties to the transaction. 	
275	Rule 9.70.3.1	0.5
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 17h00 on the second business day after the trade date if they have not been effected on the trade date. True or false.	True	
276	Rule 9.70.3.1	0.5
Who is mandated to correct late allocations corrections?	The Settlement Authority subject to the payment of the fee as prescribed by directive.	
277	Rule 9.70.3.1	1
Bond trades must be committed to the CSDP by 11h00 on the settlement date, when must late allocation corrections be communicated and accepted by the client?	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 meet this commitment time.	
278	Rule 9.70.3.2 and ED 8.1	0.5
Principal assignment corrections in respect of trade due to settle on the third business day after the trade date or a later settlement date may be effected up to 17h00 on the third business day after the trade date. True or false.	False	
279	Rule 9.70.3.3	1.5
What are the requirements for allocations corrections and principal assignment correction in respect of trades due to settle on	Allocations corrections may be effected up to 17h00 on the business day preceding the settlement day. All late allocation corrections and late principal	

the first or second business day after the trade date?	assignment corrections after 17h00 on the business day preceding the settlement date will be corrected by the Settlement Authority subject to the payment of the fee as prescribed by directive.	
280	Rule 9.70.4	3
Under what circumstances will a failed trade occur?	If a CSDP has not committed to settle a transaction by 11h00 (for transactions due to settle in the first settlement run) or by 14h30 (for transactions due to settle in the second settlement run) on the settlement date, in accordance with the settlement timetable as prescribed by directive, the transaction shall be 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.	
281	Rule 9.70.4	0.5
What corrective action may the Settlement Authority undertake to prevent a trade from failing?	The Settlement Authority rolls the settlement of the transaction to a subsequent date as set out in rule 9.125.	
282	Rule 9.70.5	4
When will a trade be declared a failed trade?	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 is not able to procure that the settlement of the transaction will take place on settlement day, or the Settlement Authority does not roll the settlement to a subsequent date, the transaction shall be declared a failed trade by no later than 09h00 on the next business day and shall be dealt with in terms of the failed trade procedure as set out in rule 9.130 or rule 9.135.	
283	Rule 9.80.1 and ED 11	0.5
When must a non-member settled client give instructions to the CSDP to settle the transaction?	By no later than 12h00 on the business day after the transaction.	
284	Rule 9.80.2 and ED 14	0.5
When must a non-member settled client ensure and procure that his CSDP is in a position to commit to settle on his behalf?	By no later than 16h30 on the business day preceding the settlement date.	
285	Rule 9.80.3 and ED 22	0.5
When does a commitment by a CSDP to settle on behalf of a non-member settled client become unconditional?	As at 11h00 on the settlement date.	
286	Rule 9.80.4.1 and 9.80.5.1/2 and ED 19	2
In the event that a non-member settled client does not ensure that his CSDP is in a position to commit to settle the transaction on settlement date what are the trading member's obligations?	<ul style="list-style-type: none"> 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 	

	<ul style="list-style-type: none"> in respect of a sale transaction, buy such bonds for the account of the client; or in respect of a purchase transaction, sell such bonds for the account of the client. 	
287	Rule 9.80.6	1
What does a non-member settled client remain liable for?	Any losses, costs and charges incurred, or charges imposed, by the trading member as a result of the member acting in accordance with the rules to ensure settlement and the sell out / buy in or any action taken by the Settlement Authority in terms of the failed trade rules.	
288	Rule 9.90.1 / 9.90.2.1 and 2 / 9.90.3.1 and 2 / 9.90.4	4
What are the principles related to member settled client bond transactions?	<p>A member settled client -</p> <ul style="list-style-type: none"> shall by no later than 12h00 on the business day after the transaction, 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. is obliged 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 member settled client's account; and may in respect of a sale transaction, buy such bonds for the account of the client; or in respect of a purchase transaction, sell such bonds for the account of the client. 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 the rules to ensure settlement and the sell out / buy in or any action taken by the Settlement Authority in terms of the failed trade rules. 	
289	Rule 9.100.2	0.5
Who must inform the Settlement Authority when any transaction in a bond is unlikely to settle?	The settlement officer of a trading member immediately.	
290	Rule 9.100.3	0.5
To whom may a payment on settlement day not be stopped?	To Strate.	
291	Rule 9.100.4	2
What action may a trading member take if a member settled client does not ensure that the trading member who effected the transaction on behalf of the client will be in a position to settle on settlement date?	The trading member must take the necessary steps to ensure that the transaction settles on settlement day, which may include the borrowing or lending of bonds or funds or entering into a carry transaction on the said client's account.	
292	Rule 9.100.5 and ED 16	1.5

What are the trading member's obligations on the business day preceding the settlement date?	A trading member shall endeavor to ensure that by no later than 16h30 on the business day preceding the settlement date, the CSDP of that trading member is in a position to commit to settle the transactions in respect of member settled clients and the proprietary transactions of that trading member on the settlement date.	
293	Rule 9.100.6 and ED 21	0.5
When does a commitment by a CSDP to settle in respect of a member settled client become unconditional?	As at 11h00 on the settlement date	
294	Rule 9.100.7 and ED 18	1
If a member settled client is unable to settle a transaction by 16h30 on the business day preceding the settlement date what are the trading member's obligations?	The trading member shall continue to take the necessary steps to ensure that, by no later than 11h00 on the settlement date, the CSDP of the trading member commits to settle any transactions in respect of that member settled client .	
295	Rule 9.100.8 and ED 19	1
If a non-member settled client does not ensure that his CSDP is in a position to commit to settle the transaction on his behalf what are the trading member's obligations?	The trading member must take the necessary steps to ensure that the transaction settles on settlement day, which may include the borrowing or lending of bonds or funds or entering into a carry transaction on the said client's account.	
296	Rule 9.100.9 and ED 20	1
If a non-member settled client remains unable to ensure by 16:30 on the business day preceding the settlement that his CSDP will be in a position to commit to settlement on settlement date what are the trading member's obligations?	The trading member shall continue to take the necessary steps to ensure that, by no later than 11h00 on the settlement date, the CSDP of the non-member settled client commits to settling the transaction.	
297	Rule 9.100.10	1
If a client advises or a trading member becomes aware that a client is not able to settle a transaction what are the trading member's obligations?	The trading member shall endeavor 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.	
298	Rule 9.100.11 & ED 30.1/2	2
In the event that the Settlement Authority is able to procure the settlement of a transaction by means of borrowing of bonds or funds or effecting a carry repurchase transaction what are the trading member's obligations?	The trading member shall by no later than the close of business on the next business day in respect of a sale transaction, buy such bonds for the account of the client and advise the Settlement Authority accordingly; or; in respect of a purchase transaction, sell such bonds for the account of the client and advise the Settlement Authority accordingly.	
299	Rule 9.100.12 (9.125 / 9.30.2.9 / 9.70.4)	1.5
What action may the Settlement Authority take if it receives notification from a trading member that a client is unable to settle a transaction?	The Settlement Authority either rolls the settlement in terms of rule 9.125 or is able to close the transaction in terms of rule 9.30.2.9 or declares the transaction to be a failed trade in terms of rule 9.70.4.	

300	Rule 9.100.13.1 /2	1
When is a trading member prohibited from using a client's bond balances?	<ul style="list-style-type: none"> To settle the obligations of another client; or the trading member 	
301	EB 1/2/3	1.5
What accounts must a trading member open and maintain at its CSDP?	<ul style="list-style-type: none"> a custody account; a funds settlement account; and if the member has custody of client bonds , a separate custody account must be opened with Strate for those bonds. 	
302	EC 1/2/3/4/5/6/7	3.5
What information must be provided to the Settlement Authority in writing, by a member wishing to conduct a transaction in bonds?	<ul style="list-style-type: none"> the name of the trading member's CSDP; the trading member's Strate client account code; the trading member's Strate settlement account reference; the custody account number at the trading member's CSDP; the funds settlement account number at the trading member's CSDP; the custody account number at the trading member's CSDP for their member settled clients; and the name and contact details of the trading member's settlement officer and his alternate. 	
303	ED 1 /1.1/1.2/1.3	4.5
What are a trading member's pre-trade obligations?	<ul style="list-style-type: none"> A trading member may only place an order or report a trade on the trading system if such member has appointed a clearing member, where applicable. A trading member may only place an order or report a transaction in bonds on the trading system, if the member has appointed a CSDP as prescribed by directive and has taken reasonable steps to satisfy itself that – <ul style="list-style-type: none"> if the client is a non-member settled client, the client has appointed a CSDP and Strate has confirmed, in the manner determined by the JSE as set out in directive EE, that the details of that client held by the CSDP correspond with and match the details of the client held by such member in the trading system; if the client is a member settled client, the trading member has appointed a CSDP and Strate has notified, in the manner determined by the JSE as set out in directive EE, the client account code which is updated to the trading system; and settlement of the transaction will occur 	

	on the settlement date	
304	ED 2	3
What are the trading member's general settlement obligations?	In the event that 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 must endeavor to enter into an arrangement to ensure that the transaction settles on settlement day. If the trading member is unable to enter into such arrangement, the trading member must immediately notify the Settlement Authority.	
305	ED 3	4
What are the Settlement Authority's general obligations in regard to settlement?	In the event that a trading member advises the Settlement Authority at any stage in terms of ED2 that the CSDP of the trading member or the CSDP of a non-member settled client of the trading member will not be in a position to settle a transaction on settlement day and the Settlement Authority is not able to procure that the settlement of the transaction will take place on settlement day, or the Settlement Authority does not roll settlement to a subsequent date, the transaction will be declared a failed trade by no later than 09h00 on the next business day and will be dealt with in terms of the failed trade procedures as set out in rule 9.130 and rule 9.135.	
306	ED 4 /4.1/4.2	2
What are the trading member's obligations on trade day in regard to allocation or assignment of transactions?	<ul style="list-style-type: none"> • A trading member must- <ul style="list-style-type: none"> ○ allocate transactions to a client or a trading member's proprietary account on the trade date; and ○ if the trade is effected through a principle assignment stock account, assign the trade to a client on the trade date. 	
307	ED 7	0.5
Any late allocation or late assignment of a transaction by a trading member should be notified to the client forthwith in sufficient time to allow for the CSDP of the client or the member to commit by no later than 11h00 on the settlement date. True or false?	True	
308	ED 8.2	3
What are the trading member's obligation/s in respect of late assignment corrections?	in respect of late assignment corrections of transactions effected through a principle assignment stock account, notify the Settlement Authority by 17h00 on the second business day after the original trade of the details of the client's account to which the transaction was erroneously assigned and the correct client's account to which the transaction	

	should be assigned. All late assignment corrections will be effected by the Settlement Authority subject to the payment of the fee as prescribed in directive EJ.	
309	ED 9	1
Why must a client be notified forthwith of any late allocation correction or late assignment correction by a trading member?	To allow for the CSDP of the client or the member to commit by no later than 11h00 on the settlement date.	
310	ED 12	0.5
What are the member settled client's obligations on settlement day?	A member settled client must by no later than 12h00 ensure that the trading member is in a position to settle the transaction on settlement day.	
311	ED 23.1 /23.2/23.3/23.4 /23.5	7.5
What actions may the Settlement Authority take where a trading member commits to settle any transaction in respect of a member settled client, who is unable to settle the transaction on the settlement date, and then is unable to procure settlement by his CSDP?	<ul style="list-style-type: none"> • in respect of a sale transaction, to borrow, as agent, on behalf of the trading member or client as undisclosed principal, the bonds required by the trading member or client to comply with its obligations to settle the transaction; or • in respect of a purchase transaction, to lend to the trading member or client the funds required by the trading member or client to comply with its obligations to settle the transaction; or • in respect of a sale or a purchase transaction where the Settlement Authority is unable to perform in terms of the above two points [ED 23.1 or ED 23.2], in its sole discretion and under exceptional circumstances, to roll the settlement of the transaction in terms of rule 9.125; or • in respect of a sale or a purchase transaction in the event that the Settlement Authority is unable to perform in terms of the above three points [ED23.1, ED28.2 or ED23.3], to enter into a carry or repurchase transaction to enable the trading member or client to comply with its obligations to settle the transaction; or • in respect of a sale or a purchase transaction where the Settlement Authority is unable to perform in terms of the above four points [ED 23.1, ED 23.2, ED 23.3 or ED 23.4] invite a trading member or a client (via the trading member) to close the purchase or sale transaction at a price and on the basis set out in rule 9.130 or rule 9.135, and directive EG. 	
312	ED 24	1
When may the Settlement Authority declare a transaction to be a failed trade?	Where the Settlement Authority is unable by 14h30 to arrange settlement or an alternative in terms of ED23, it will at 14h30 declare the said transaction to be a failed trade in terms of rule 9.70.4.	
313	ED 24.1 /24.2	2

What are the action/s that the Settlement Authority must take when they have declared the transaction to be a failed trade?	<ul style="list-style-type: none"> The Settlement Authority must – match such failed trade against an equal but opposite transaction which is a terminating transaction; or if there is no transaction or more than one transaction of the type set out above, in terms of the failed trade procedures as laid down from time to time, select such transactions the failing of which will be least disruptive to CSDPs, members and clients. 	
314	ED 25	1
At what price must the transactions selected in terms of ED 24.1 or ED 24.2 be closed by the Settlement Authority?	At a price determined by the Settlement Authority in terms of the failed trade principles and procedures in rule 9.130 or rule 9.135 and directive EG.	
315	ED 26	2
In respect of trades cleared by SAFCOM what will be paid by the Settlement Authority to the CSDP of the trading member or client who effected the failed trade?	The difference between the original value of the trade that failed and the value based on the close out price as established in accordance with the rules and directives, to enable the CSDP to commit to the failed trade settlement in terms of the procedures as set out in directive EG.	
316	ED 27	1
What will be applied by the Settlement Authority to pay the amount referred to above to the CSDP of the trading member or client who effected the failed trade?	The settlement margin and top-up margin held by SAFCOM in respect of the relevant trading member or non-member settled client.	
317	ED 28	1
What must be paid to the Settlement Authority by the clearing member of the trading member who effected the failed trade?	Any resultant shortfall between the margin referred to in ED 27 and the amount referred to in ED 26 and may claim such shortfall from the trading member.	
318	ED 28	0.5
What may be paid by the Settlement Authority to the clearing member of the trading member who effected the failed trade?	Any resultant surplus between the margin referred to in ED 27 and the amount referred to in ED26.	
319	ED 29	0.5
What is payable by the failing member to the non-failing member in respect of reported transactions not cleared by SAFCOM?	The difference between the original value of the trade that failed and the value based on the close out price as established in accordance with rule 9.135.1.2 and directive EG.	
320	ED 31.1 /31.2 /31.3/31.4	3
List the instances where sellout or buy-in is not required by a member.	<ul style="list-style-type: none"> a client has not complied with their obligations to procure settlement in terms of section 9 of the rules or this directive; and both the member and the Settlement Authority were unable to procure the settlement of the transaction by means of borrowing of bonds or funds or effecting a carry or repurchase transaction, as the case may be; and 	

	<ul style="list-style-type: none"> the Settlement Authority has not rolled settlement of the transaction; and the Settlement Authority either closes the transaction in terms of rule 9.30.2.9 or declares the transaction to be a failed trade in terms of rule 9.100.12. 	
321	ED 31	0.5
What action is a member required to take where sell-out or buy-in is not required?	Must act in accordance with the instructions received from the Settlement Authority in terms of rule 9.130 or rule 9.135 and directive EG.	
322	ED 32	0.5
By whom is settlement of transactions in bonds effected?	By Strate and the CSDP of the member and/or non-member settled client and/or Settlement Authority.	
323	Rule 9.120.1.1 /2	3
What are the principles relating to the provision of margin by a clearing members to SAFCOM in respect of bond trades?	<ul style="list-style-type: none"> settlement margin shall be payable by a clearing member before 12h00 on the business day after the original trade in respect of the clearing member's proprietary positions, the positions of its clients, the positions of trading members with which it has entered into clearing agreements and the positions of clients of such trading members; top-up margin shall be payable by a clearing member before 12h00 on the second business day after the original trade in respect of the clearing member's proprietary positions, the positions of its clients, the positions of trading members with which it has entered into clearing agreements and the positions of clients of such trading members. 	
324	Rule 9.125.1.1/2/3	3
How is the rolling of settlement carried out?	<ul style="list-style-type: none"> The Settlement Authority will obtain a list of the settlements excluded for settlement by the CSDPs, which will include the failed trade leg as well as the opposite trade leg; 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; The failing and non-failing trading members will be instructed to re-book the original transaction for settlement on the revised settlement date. 	
325	Rule 9.125.2	2
What action may the Settlement Authority take if settlement does not take place on the revised settlement date?	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 9.130 or rule 9.135.	
326	Rule 9.125.3	2
What are the obligations of the failing trading member or non-failing trading member on the business day following that on which the rolling settlement has been completed?	Before the close of business on the business day following that on which the rolling of settlement has been completed, submit a statement, in writing, to the Settlement Authority detailing any expenses incurred or income foregone by the member or the client as a consequence of the rolling of settlement, including interest.	
327	Rule 9.125.4	1
What rights does the non-failing trade member have against the failing trade member in rolling settlement?	The non-failing trading member shall in respect of a reported transaction, claim any losses and compensation resulting from the rolling of settlement from the failing trading member.	
328	Rule 9.125.4	0.5
What are the consequences of failure by the failing trading member to pay for losses and compensation resulting from the rolling of settlement?	In the discretion of the JSE, it may be deemed to constitute an act of default in terms of rule 11.10.	
329	Rule 9.125.5	1
In rolling settlement who may in the case of transactions which are cleared by SAFCOM retain the margin on the original transaction?	Any margin taken on the original transaction will be retained by the Settlement Authority until payment of any claims on the rolled settlement has been made.	
330	Rule 9.130.1.1/2/3/4/5/6/7	9
Set out the process for a failed trade arising out of a transaction cleared by SAFCOM	<ul style="list-style-type: none"> the Settlement Authority will obtain a list of the settlements excluded for settlement by the CSDPs, which will include the failed trade leg as well as the opposite trade leg; the transactions selected 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; the difference between the original value of the trade that failed and the value based on the close out price as established shall be paid by the Settlement Authority to the CSDP of the trading member or client who effected the failed trade, to enable the CSDP to commit to the failed trade settlement in terms of the procedures as set out in the directives; the settlement margin and top-up margin held by SAFCOM in respect of the relevant trading member or non-member settled client will be applied by the Settlement Authority to pay the 	

	<p>amount referred to above to the CSDP of the trading member or client whose transactions failed;</p> <ul style="list-style-type: none"> the clearing member of the trading member who effected the failed trade will pay any resultant shortfall between the margin and the amount referred to above to the Settlement Authority and may claim such shortfall from the trading member. Any resultant surplus between the margin and the amount referred to above will be paid by the Settlement Authority to the clearing member of the trading member who effected the failed trade; and If the failed trade was effected by the trading member on behalf of a client, the shortfall owed by the trading member to the clearing member may be claimed by the trading member from the client. 	
331	Rule 9.135.1/2/3	5
Set out the failed trade procedure applicable to reported transactions not cleared by SAFCOM	<ul style="list-style-type: none"> the Settlement Authority will obtain a list of the settlements excluded for settlement by the CSDPs, which will include the failed trade leg as well as the opposite trade leg; the transactions selected 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; 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. 	
332	Rule 9.140.1	1
If a trading member is not able to take the necessary steps to ensure that the CSDP of the trading member commits to settle any transactions in respect of a member settled client or non-member settled client or notifies the Settlement Authority that a trading member or client will not be able to settle a sale transaction what action may be taken and by whom?	<ul style="list-style-type: none"> The Settlement Authority will endeavor to borrow, as agent, on behalf of the trading member or client as undisclosed principal, the bonds required by the trading member or client to comply with its obligations to settle the transaction. 	

333	9.140.2.1/2/3/4/5/6/7/8/9//10	11
<p>What terms and conditions apply to bonds borrowed by the Settlement Authority when a member and non-member settled client is unable to settle a transaction on the settlement date?</p>	<ul style="list-style-type: none"> • The trading member or client shall ensure that sufficient cash is available in their funds settlement account with their CSDP to meet the initial and any subsequent collateral requirement; • The Settlement Authority shall initiate the borrowing by sending the necessary settlement instructions to Strate through the lending and borrowing system, and shall advise the trading member of the transactions giving rise to the loaned bonds and the collateral requirement; • The collateral provided shall continue during the loan period and shall be held by the Settlement Authority until equivalent bonds are returned to the Settlement Authority; • The collateral amount shall be equivalent to the initial loan value or current ruling price value or highest mark-to-market value during the loan period, whichever is the greatest, of each loaned bonds position plus the margin applicable thereto as set out in the directives; • If on any business day, the collateral value falls below the value set out in rule 9.140.2.4, the Settlement Authority may request the trading member or client to immediately provide further collateral in the amount of any shortfall. • The trading member or client shall only be entitled to a refund of the collateral amount at the time of and in proportion to, the amount of the loan returned; • The trading member or client shall ensure the return of the loaned bonds within 3 business days of a loan recall; • The trading member or client shall return equivalent bonds in no more than two deliveries, the first delivery being not less than 50% of the loaned bonds; • The trading member or client shall make good any corporate action arising on the loaned bonds during the loan period and the effects of taxation in the hands of the lender, where applicable, within 3 business days of the payment date of the relevant corporate action; • The trading member shall pay to the Settlement Authority the lending fees as defined by directive, which shall accrue over the loan period and be paid monthly in arrears; and • The trading member or a client shall be entitled 	

	to interest on the lending margin of the collateral.	
334	Rule 9.140.2.1	1
What must a trading member or client ensure when the Settlement Authority facilitates the borrowing of bonds for a member or non-member settled client who is unable to settle a transaction on the settlement date?	That sufficient cash is available in their funds settlement account with their CSDP to meet the initial and any subsequent collateral requirement.	
335	Rule 9.140.2.2	1
What must the Settlement Authority initiate in respect of transactions giving rise to the loaned bonds and the collateral requirements?	The borrowing by sending the necessary settlement instructions to Strate through the lending and borrowing system, and shall advise the trading member of the transactions giving rise to the loaned bonds and the collateral requirement.	
336	Rule 9.140.2.3	1
If collateral is provided, who holds the collateral and for how long must the collateral be held?	The collateral provided shall continue during the loan period and shall be held by the Settlement Authority until equivalent bonds are returned to the Settlement Authority.	
337	Rule 9.140.2.4	1.5
How is the value of collateral determined?	The collateral amount shall be equivalent to the initial loan value or current ruling price value or highest mark-to-market value during the loan period, whichever is the greatest, of each loaned bonds position plus the margin applicable thereto as set out in the directives.	
338	Rule 9.140.2.5	0.5
In the event that the value of the collateral falls below the determined value on any business day what is the remedy / ies that may be applied?	The Settlement Authority may request the trading member or client to immediately provide further collateral in the amount of any shortfall.	
339	Rule 9.140.2.5	0.5
When may the trading member or client be entitled to a refund of the collateral or a portion thereof?	Only at the time of and in proportion to, the amount of the loan returned.	
340	Rule 9.140.2.6	0.5
In the event of a loan recall what must a trading member ensure?	The trading member or client shall ensure the return of the loaned bonds within 3 business days of a loan recall.	
341	Rule 9.140.7	1
How must the return of loaned bonds be effected?	The trading member or client shall return equivalent bonds in no more than two deliveries, the first delivery being not less than 50% of the loaned bonds.	
342	Rule 9.140.8	1.5
What are the trading member's obligations in respect to a corporate action arising out of loaned bonds?	The trading member or client shall make good any corporate action arising on the loaned bonds during the loan period and the effects of taxation in the hands of the lender, where applicable, within 3 business days of the payment date of the relevant	

	corporate action.	
343	Rule 9.140.2.10	0.5
Who is entitled to interest on the lending margin of collateral?	The trading member or a client shall be entitled to interest on the lending margin of the collateral.	
344	Rule 9.140.3	1
What payment obligations does a client incur when they have failed to deliver the bonds required to settle the transaction?	A client must pay any costs or fees that may be incurred as a result of the borrowing of bonds to effect settlement and any penalty imposed on the trading member by the Settlement Authority as set out in the directives.	
345	Rule 9.140.4.1/2	1
When borrowing bonds to prevent a trade from failing what may constitute a default by a trading member or client?	Failure to: <ul style="list-style-type: none"> • provide collateral for the borrowed bonds; or • timeously return the borrowed bonds 	
346	Rule 9.150.1.1/2	2
When may the Settlement Authority lend funds to a trading member or client?	If a trading member: <ul style="list-style-type: none"> • is not able to ensure that a clients CSDP commits in respect of a purchase transaction; or • at any time notifies the Settlement Authority or the Settlement Authority otherwise becomes aware, that a trading member or a client will not be able to settle a purchase transaction on settlement day. 	
347	Rule 9.150.2 (2.1/2.2/2.3/2.3/2.5.1.1/2.5.1.2/2.6)	8
List the terms and conditions of an arrangement whereby the Settlement Authority may lend funds to ensure that a transaction will settle on the settlement date?	<ul style="list-style-type: none"> • The trading member or client shall ensure that the bonds which constitutes the failing transaction shall form the initial collateral for the funds advanced; • The Settlement Authority shall initiate the funding by sending the necessary settlement instructions to Strate through the lending and borrowing system, and shall advise the trading member of the transactions giving rise to the loaned funds and the collateral requirements; • The collateral provided shall continue during the loan period and shall be held by the Settlement Authority until the loaned funds are returned to the Settlement Authority; • The collateral value shall be equivalent to the ruling price value of the collateral less the applicable lending margin as set out in the directives and shall be at least equivalent in value to the loaned funds; • If on any business day – <ul style="list-style-type: none"> ○ the collateral value falls below the value of the loaned funds, the Settlement Authority may – <ul style="list-style-type: none"> ▪ request the trading member or 	

	<p>client to immediately provide additional collateral acceptable to the Settlement Authority, to cover such shortfall, or</p> <ul style="list-style-type: none"> ▪ require the trading member or client to repay so much of the loaned funds so as to ensure that the shortfall is removed; <ul style="list-style-type: none"> • A trading member shall pay to the Settlement Authority the loan fees as defined by directive, which shall accrue over the loan period and be paid monthly in arrears. 	
348	Rule 9.150.2.1	0.5
Who is responsible for the initial collateral for the funds advanced by the Settlement Authority and what must form the initial collateral?	The trading member or client shall ensure that the bonds which constitutes the failing transaction shall form the initial collateral for the funds advanced.	
349	Rule 9.150.2.2	1.5
How and by whom is the funding initiated to ensure that a transaction will settle on the settlement date?	The Settlement Authority shall initiate the funding by sending the necessary settlement instructions to Strate through the lending and borrowing system, and shall advise the trading member of the transactions giving rise to the loaned funds and the collateral requirements.	
350	Rule 9.150.2.3	0.5
The collateral provided shall continue during the loan period and shall be held by the Settlement Authority until the loaned funds are returned to the trading member. True or false	False	
351	Rule 9.150.2.4	1
What is the collateral value applicable to loaned funds?	The equivalent to the ruling price value of the collateral less the applicable lending margin as set out in the directives and shall be at least equivalent in value to the loaned funds.	
352	Rule 9.150.2.5.1 / 150.2.5.1.1 / 150.2.5.1.2 / 9.150.2.5.2	1
When the collateral values falls below the value of the loaned funds what discretion is granted to the Settlement Authority?	The Settlement Authority may – <ul style="list-style-type: none"> • request the trading member or client to immediately provide additional collateral acceptable to the Settlement Authority, to cover such shortfall, or • require the trading member or client to repay so much of the loaned funds so as to ensure that the shortfall is removed; 	
353	Rule 9.150.2.5.1 / 150.2.5.1.1 / 150.2.5.1.2 / 9.150.2.5.2	1
When the collateral value exceeds the value of the loaned funds, are the trading member or	The trading member or client shall not be entitled to the return of the excess collateral except at the time	

client entitled to the return of the excess collateral?	of and in proportion to, the loaned funds repaid by the trading member or client.	
354	Rule 9.150.3	1
Where the client has failed to pay the funds required to settle the transaction what costs are incurred and by whom?	A client must pay any costs or fees that may be incurred as a result of the borrowing of funds to effect settlement and any penalty imposed on the trading member by the Settlement Authority as set out in the directives.	
355	Rule 9.150.4	0.5
What is the consequence of a client failing to provide collateral or timeously return the borrowed funds?	May, in the discretion of the JSE, be deemed to constitute an act of default in terms of rule 11.10 or 11.20 respectively.	
356	Rule 9.160.1.3	1.5
In the event that the Settlement Authority is unable to enter into a securities borrowing or funds borrowing transaction to prevent a failed trade what action may the Settlement Authority undertake?	The Settlement Authority will endeavor to enter into a carry or repurchase transaction, as agent, on behalf of the trading member or client as undisclosed principal, as required by the trading member or client to comply with its obligations to settle the transaction.	
357	Rule 9.160.3	1
What costs are incurred by a client in relation to a carry or repurchase transaction where the client has failed to meet his obligations to settle?	A client must pay any costs that may be incurred in relation to a carry or repurchase transaction in bonds to effect settlement and any penalty imposed on the trading member by the Settlement Authority as set out in the directives.	
358	Rule 9.160.4.1 /2	1
Under what circumstances may a trading member or client be deemed to have constituted an act of default in relation to a carry or repurchase transaction?	Failure to: <ul style="list-style-type: none"> provide margin required for the carry or repurchase transaction; or timeously settle the carry or repurchase transaction 	
359	Rule 9.170.1	1
What are the principles relating to the Settlement Authority levying a penalty or charging the trading member fees?	<ul style="list-style-type: none"> 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 charge any trading member the fees associated with settlement of bonds as prescribed by directive. 	
360	EE 1.1	1
What is required for a trading member to place an order to trade in bonds on behalf of a non-member settled client?	Must verify the account details against the client's details on the Strate system and has obtained authorization to open the account from the client's CSDP, in terms of this directive.	
361	EE 1.2	1
What is required for a trading member to place an order to trade in bonds on behalf of a member settled client?	Must open an account for the client on the Strate system and obtained authorization to open the account from the member's CSDP, in terms of	

	Directive EE.	
362	EE 2	0.5
When may a trading member open a Yield-X trading account on behalf of a client?	On receipt of a client agreement and registration form from the client, duly completed and signed.	
363	EE 4	0.5
How is a member settled client registered on the Strate system for the settlement of bonds transactions?	The trading member must record on the client's trading account on the trading system that the client is a member settled client.	
364	EE 5	1
Upon the loading of a client as a member settled client in terms of Directive EE.4 what will be generated by the Strate system?	The trading system will automatically generate a message to the Strate system which will automatically respond by generating a Strate client account code and Strate settlement account reference .	
365	EE 6	1
What are the trading member's obligations on receipt of the client account details from the Strate system?	The trading member must contact their CSDP and request that they authorize the opening of the member settled client's account on the Strate system.	
366	EE 7.1/7.2/7.3/7.4/7.5	1.5
What client information must be recorded by the trading member to register a non-member settled client on the Strate system for the settlement of bonds transactions?	The non member settled client's: <ul style="list-style-type: none"> • custody account number at its CSDP; • cash account number at its CSDP; • CSDP's code; • Strate client account code; and • Strate settlement account reference. 	
367	EE 9	0.5
If the client information submitted in terms of EE.8 does not match the client information recorded when registering a non-member settled client on the Strate system what are the trading member's obligation /s?	The trading member will receive a rejection message from the trading system and will be required to verify the client's information and then repeat the process .	
368	EF 1/2/3/4	5
What are the terms and conditions for the Settlement Authority to facilitate carry and repurchase transaction in approved bonds on behalf of a trading member or client?	<ul style="list-style-type: none"> • the Settlement Authority will endeavor to enter into a carry or repurchase transaction, as agent, on behalf of the trading member or client as undisclosed principal; • a member or client must ensure that sufficient cash is available in their funds settlement account and sufficient bonds are available in their custody account with their CSDP or member respectively to meet their settlement obligations in relation to the carry or repurchase transaction; • the Settlement Authority will initiate the carry or repurchase transaction by sending the necessary settlement instructions to Strate through the trading system, and will advise the trading member of the transactions comprising the carry and the carry yields; and • the future legs of the carry transaction will be 	

	treated as central order book trades and will be subject to margining as provided for in the rules.	
369	EG 2.1 /2.2	1.5
What is the non-failing party entitled to receive when a transaction will not settle as a result of a failed trade executed by another party?	<ul style="list-style-type: none"> • receive a monetary payment placing the non-failing party in a monetary position equivalent to that in which the non-failing party would have been had the transaction settled in accordance with the rules; and • receive monetary compensation based on a percentage (as determined by the JSE from time to time) of the price as determined in EG 3.2. 	
370	EG 3.1 / 3.2	3.5
How does the Settlement Authority determine the monetary payment to the non-failing party?	<p>The difference between:</p> <ul style="list-style-type: none"> • the price at which the bonds in question were purchased or sold, as the case may be, (the “transaction price”); and • a price determined by the Settlement Authority, in consultation with the Market Controller, with reference to the ruling price and the volume weighted average price (the “determined price”). 	
371	EG 3.2	1
What is the overriding consideration in ascertaining the price for the purposes of determining the monetary payment to a non-failing party in terms of Directive EG 3?	The intention to place the non-failing party in the same or equivalent position it would have been in had the transaction settled in accordance with the rules.	
372	EG 3.2	1.5
What is the “volume weighted average price” for the purposes of Directive EG 3?	means in respect of the period between 09h00 and 11h00 on the second business day after the trade date, the price determined by aggregating the volume multiplied by the price of each trade, divided by the total volume.	
373	EG 4.1 / 4.2	2.5
In the event that there is a differential of greater than a percentage, determined by the JSE between the ruling price and the volume weighted average price and the Settlement Authority, in consultation with the Market Controller and the Director: Surveillance, forms the opinion that the ruling price of the said bonds may have been artificially manipulated to the benefit of the non-failing party. What may the Settlement Authority elect?	<ul style="list-style-type: none"> • Not to pay the non-failing party any amount to place him in a monetary equivalent had the transaction settled and to only pay compensation, or • To have the original trade corrected in accordance with the correction trade procedure as set out in Rule 7.130. 	
374	EG 5.1	0.5
If the determined price has moved to the detriment of the non-failing party, the non-failing party must only be paid the difference between the transaction price and the determined price. True or false?	False	

375	EG 5.2	0.5
What must the non-failing party be paid if the determined price has moved to the benefit of the non-failing party?	Only be paid compensation in terms of EG 2.2.	
376	EG 5.3	1.5
When must the non-failing party pay the Guarantee Fund?	if the determined price has moved to the benefit of the non-failing party to such an extent that the movement exceeds any compensation determined in terms of EG 2.2, and the failing party has been declared to be in default.	
377	EG 6	1
In what form may a non-failing party receive compensation?	<ul style="list-style-type: none"> • A non-failing party will be entitled to receive only cash compensation in terms of EG 2.1 and EG 2.2. • A non-failing party will not be entitled to receive bonds as compensation equivalent to the bonds which were the subject of the failed trade 	
378	EG 7 (EG 2.1 /2.2)	2
When will the settlement margin and top-up margin held by SAFCOM in respect of trades cleared by SAFCOM be directed by the Settlement Authority to be paid out?	<p>When the settlement margin and top-up margin is held by SAFCOM in respect of a failed trade it will be applied by the Settlement Authority to pay the amount in terms of EG 2.1 and EG 2.2.</p> <ul style="list-style-type: none"> • a monetary payment placing the non-failing party in a monetary position equivalent to that in which the non-failing party would have been had the transaction settled in accordance with the rules; and • monetary compensation based on a percentage (as determined by the JSE from time to time) of the price as determined in EG 3.2. 	
379	EG 8	1
What may be claimed by the clearing member from the trading member who effected a failed trade?	Any resultant shortfall after the application of the settlement margin and top up margin referred to in EG7.	
380	EG 10	1
What will be payable from the failing member to the non-failing member in respect of a reported transaction not cleared by SAFCOM?	The difference between the original value of the trade that failed and the value based on the close out price as established in accordance with rule 9.135 and directive EG.	
381	EH 1	1
What does a “margin call” mean?	means a demand by SAFCOM for cash from a clearing member to cover the positions of the clearing member, its clients, the trading members for whom the clearing member clears and the clients of such trading members.	
382	EH 1	1.5
What does “margin requirement’ mean?	means the amount of margin due from the clearing member to SAFCOM to cover the positions of the clearing member, its clients, the trading members for	

	whom the clearing member clears and the clients of such trading members, calculated in accordance with the principles set out in EH 2.	
383	EH 1	0.5
What does "spot trade" mean?	means a trade in bonds on a T+3 settlement cycle.	
384	EH 2.1	1.5
What transactions in bonds will be margined by SAFCOM?	Only central order book trades and reported transactions where the clearing members acting on behalf of both trading members, have accepted the reported transaction for risk management purposes.	
385	EH 2.2	0.5
What transactions in bonds will not be margined?	Reported transactions which have not been accepted by the clearing member for risk management purposes.	
386	EH 2.3	0.5
The margin requirement across different accounts will not be netted. True or False?	True	
387	EH 2.4	0.5
Central order book trades and reported transactions which the clearing member has accepted for risk management purposes per instrument, per settlement cycle will be netted into one position on an account and the net position will be margined. True or False?	True	
388	EH 2.5	2
What action regarding margining will SAFCOM take where a forward bond or a forward leg of a carry transaction on an account culminates in a spot trade and where initial margin is held for such forward bond or a forward leg of a carry?	SAFCOM will recalculate the margin requirements, and where the recalculated settlement margin is higher than the initial margin held, the settlement margin will be called for from the clearing member of the relevant trading member.	
389	EH 2.6	0.5
When will SAFCOM initiate a settlement margin call to the clearing member of the relevant trading member?	At the close of business on the day of the trade.	
390	EH 2.7	0.5
When is the settlement margin payable by the clearing member to SAFCOM?	Before 12h00 on T+1.	
391	EH 2.8	1
When will the settlement margin payable by the clearing member to SAFCOM be repayable to the clearing member?	Before 12h00 on S+1: Provided the trades have settled to the satisfaction of the JSE.	
392	EH 2.10	1
Who and for what purpose may the settlement margin and top-up margin held by SAFCOM be used?	By the Settlement Authority to pay the amount incurred in settling or closing out a trading member or a client's failed trades as per directive EG.	

393	EI 3.1.1 / 3.1.2	3
When will a trading member incur penalties for Pre- trade trading in bonds?	<ul style="list-style-type: none"> When a trading member has not opened a custody and funds settlement account with a CSDP and has not been set up on the trading system, Strate system and CSDPs system; when a transaction has been booked to a client's account that has not been registered in terms of directive EE. 	
394	EI 3.6	0.5
On T + 3 where a member is unable to procure by 08h00 that a proprietary transaction or a transaction for a member or non-member settled client will settle in terms of the Rules, the member will incur a penalty of R5000 per occurrence. True or false.	True	
395	EI 3.7	1
What penalty may be incurred by a member who is unable to enter into an arrangement to ensure that a sale transaction settles on settlement date, and which results in the Settlement Authority facilitating the borrowing of bonds on member in terms of the Rules.	R1 000 plus 10 basis points on the nominal value up to a maximum of R100 000.	
396	EI 3.8	1
What penalty may be incurred by a member who introduces a trade for which settlement is rolled in terms of the Rules?	R1 000 plus 20 basis points on the nominal value up to a maximum of R100 000.	
397	EI 3.9	1
What penalty may be incurred by a member who introduces a proprietary or client trade which is declared a failed trade in terms of the Rules?	R1 000 plus 30 basis points on the nominal value up to a maximum of R100 000.	
398	EI 4.1 / 4.2	0.5
By when must a member pay any penalty imposed by the Settlement Authority?	Within 5 business days of the date of the invoice, in the absence of an objection.	
399	EI 4.1 / 4.2	2.5
What are the member's rights when a penalty is imposed by the Settlement Authority?	The member may raise an objection to a penalty imposed by the Settlement Authority must be lodged in writing accompanied by mitigating evidence, signed by the settlement officer or an alternate settlement officer of the trading member and received by the Settlement Authority by no later than 15h00 on the day that the penalty is due and payable.	
400	EJ 1.3 /1.4/1.5/1.6/1.7/ 1.8 / 1.9	1.5
When may the JSE levy fees in relation to action taken by the Settlement Authority? Name three.	<ul style="list-style-type: none"> Provision by the Settlement Authority of bonds lending facilities to a member for a proprietary trade or to a client to enable settlement Provision by the Settlement Authority of funds to a member for a proprietary trade or to a client to 	

	<p>enable settlement</p> <ul style="list-style-type: none"> • Facilitation of a carry or repurchase transaction by the Settlement Authority on behalf of a member or a client to enable settlement • Execution by the Settlement Authority of the rolling of settlement process in terms of rule 9.30.2.10 • Execution by the Settlement Authority of the give up process in terms of rule 9.30.2.9 • Execution by the Settlement Authority of the failed trade process in terms of rule 9.130 and rule 9.135. • Resolution by the Settlement Authority of an interest entitlement resulting from a bonds lending arrangement, rolling of settlement or failed trade procedure. 	
401	EJ 2	0.5
When must the fees that are charged by the Settlement Authority be paid?	Within 5 business days of the date of the invoice.	

CONDUCT OF BUSINESS		
402	Rule 2.10	0.5
Define "authorized bank"	means a branch of an Authorized Dealer which, in terms of Exchange Control Regulation 14, has been appointed to administer securities control;	
403	Rule 2.10	0.5
Define "contract specification"	means the standard terms and formal requirements of a futures or option contract as determined by the JSE;	
404	Rule 2.10	0.5
Define "corporate action"	means any economic right or benefit flowing from ownership of bonds;	
405	Rule 2.10	0.5
Define "emigrant"	means a natural person who has emigrated from the common monetary area;	
406	Rule 2.10	0.5
Define "emigrant's blocked account"	means the account of an emigrant to which exchange control restrictions have been applied;	
407	Rule 2.10	1.5
Define "emigrant's blocked 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 confirms, to the authorized bank concerned, the details of the amount of the margin to be paid into or out of an emigrant's blocked account as a result of a position registered in the name of that emigrant client;	
408	Rule 2.10	1
Define "emigrant client"	means an emigrant who has concluded a client agreement with a trading member and who has been registered by SAFCOM as an emigrant client of the trading member;	
409	Rule 2.10	1
Define "equivalent bonds"	means uncertificated securities of an identical type, nominal value, description and amount to the loaned bonds duly adjusted for any corporate action;	
410	Rule 2.10	1
Define "exchange control regulations"	means the Exchange Control Regulations, 1961, as promulgated by Government Notice R1111 of 1 December 1962, made in terms of Section 9 of the Currency and Exchanges Act, 1933 (Act No 9 of 1933);	
411	Rule 2.10	0.5
Define "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;	
412	Rule 2.10	0.5
Define "non-resident account"	means the account of a non-resident;	
413	Rule 2.10	2
Define "non-resident account clearance"	means the certificate, the terms of which are	

certificate”	determined by the JSE in agreement with the South African Reserve Bank and which is to confirm to the authorized bank concerned the monthly amount of interest on any margin held by SAFCOM, due to a non-resident;	
414	Rule 2.10	1
Define “non-resident client”	means a non-resident who has concluded a client agreement with a trading member and who has been registered by SAFCOM as a non-resident client of such trading member;	
415	Rule 2.10	0.5
Define “prescribed agreements”	means the agreements, the basic terms and formal requirements of which have been specified by the JSE;	
416	Rule 2.10	1
Define “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;	
417	Rule 2.10	1
Define “resident client”	means a resident who has concluded a client agreement with a trading member, and who has been registered by SAFCOM as a resident client of the trading member;	
418	Rule 2.10	1
Define “safeguard”	means, in relation to JSE authorized investments, – (a) the holding of such investments in safe custody by a member on behalf of a client; or (b) being accountable as a member to a client for such investments held by another financial services provider;	
419	Rule 2.10	0.5
Define “SWIFT”	means the Society for Worldwide Interbank Financial Telecommunication;	
420	Rule 2.10	1.5
Define “SWIFT emigrant’s blocked account notification”	means the notification, utilizing the SWIFT network, to the authorized bank, instructing the authorized bank to make or accept payment of margin to or from an emigrant's blocked account in the amount specified in the notification;	
421	Rule 2.10	1.5
Define “SWIFT non-resident account notification”	means the notification, utilizing the SWIFT network to the authorized bank, instructing the authorized bank to receive payment of interest into a non-resident account in the amount specified in the notification;	
422	Rule 10.10.1	2
What may SAFCOM limit in relation to the net financial worth of the clearing member plus its surety ship in a manner determined by the	The aggregate exposure arising from: <ul style="list-style-type: none"> the proprietary positions of a clearing member, 	

JSE?	<ul style="list-style-type: none"> 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 	
423	Rule 10.20.1.1./2	1
Which records is a member required to maintain?	<ul style="list-style-type: none"> its proprietary transactions and transactions for or on behalf of other members and clients; margin and other payments to and from SAFCOM, other members and their clients. 	
424	Rule 10.20.2.1/2/3/4/5	2.5
What is a member required to confirm monthly to a client?	<ul style="list-style-type: none"> the transactions done with or on behalf of the client during the period; the futures and option contract positions of the client at the time of reporting; the bonds positions of the client at the time of reporting, where a trading member has custody and control over such instruments; the balances of additional and retained margin held for the client at the time of reporting; and all payments to and from the client made or accrued during the period, including payments of margin, fees and interest. 	
425	Rule 10.20.3	0.5
How long is a member required to retain the records referred to in rule 10.20.1?	A period of at least five years.	
426	Rule 10.30.1	0.5
Who may tape-record telephone calls?	The JSE, SAFCOM and members may tape-record all telephone calls.	
427	Rule 10.30.2	0.5
Which telephone calls must a trading member tape-record?	A trading member must tape-record all telephonic orders received from or made to clients.	
428	Rule 10.30.3	0.5
When will tape-recordings with respect to such telephone calls be admissible as evidence?	In any disciplinary or dispute resolution proceedings contemplated in the rules.	
429	Rule 10.30.3	0.5
Who bears the onus of proving the authenticity of the tape-recordings?	The person who intends to rely on such tape recordings in evidence.	
430	Rule 10.30.4	1.5
What information in regard to tape-recordings must be included in the prescribed agreements?	All parties to the prescribed agreements shall acknowledge and confirm that they are aware that telephone calls may be recorded, and they shall be deemed to have irrevocably consented thereto.	
431	Rule 10.30.6	0.5
How long must tape-recording contemplated	For a period of at least 14 days.	

in rule 10.30.2 be retained?		
432	Rule 10.40.1	1
What is the member's obligation/s in regard to funds and IRC securities?	Members shall at all times separate a client's or other member's assets, including funds, the IRC securities and other corporeal and incorporeal things of the client or other member, from its own assets.	
433	Rule 10.40.2	0.5
A member may co-mingle the funds or IRC securities of any client and another member with its own. True or false?	False	
434	Rule 10.40.3	0.5
A member may not allow the use of funds or IRC securities or corporeal or incorporeal things belonging to any client or other member to finance its own transactions or the transaction of any other person. True or false?	True	
435	Rule 10.40.4	0.5
A member may use the funds or IRC securities or corporeal or incorporeal things of any client or other member to operate its own business. True or false?	False	
436	Rule 10.40.5	0.5
A member in respect of the transaction or positions of a member or client, may retain any funds, IRC securities or other corporeal or incorporeal things given by such member or client or received by the member on behalf of any person other than additional margin or retained margin, or IRC securities where a trading member has control over the bond holdings of its client. True or false?	False	
437	Rule 10.50.1.1	0.5
What may a clearing member deposit with SAFCOM?	A clearing member may deposit any additional margin kept by it in terms of rule 8.50.5.1 with SAFCOM.	
438	Rule 10.50.1.2	0.5
What may a trading member deposit with SAFCOM?	A trading member may deposit any additional or retained margin kept by it in respect of its resident clients in terms of rule 8.50.5.2 with SAFCOM.	
439	Rule 10.50.2	1.5
What interest consideration may SAFCOM retain on behalf of the JSE and when?	Monthly in arrears, retain an interest consideration as determined by the JSE of not more than 2% per annum on any margins held by it in respect of any position registered in the name of any person during the month.	
440	Rule 10.60.2	0.5
Where must a clearing member deposit any additional margin not deposited with SAFCOM?	A separate bank account kept by it for additional margin.	

441	Rule 10.60.3	2
What is the clearing member's obligation /s in respect of additional margin?	At all times ensure that: <ul style="list-style-type: none"> the correct amount of additional margin as required by its clearing agreement with the trading member is held in respect of each trading member with which it has entered into a clearing agreement; and its records reflect the amount of additional margin held in respect of each such trading member. 	
442	Rule 10.70./2/3/4	4
What are a trading members' obligations in respect of additional and / or retained margin not deposited by a member with SAFCOM?	A trading member shall at all times: <ul style="list-style-type: none"> keep a separate trust account with a bank into which it shall deposit directly or ensure the direct deposit of all client money either held or received by it with respect to its resident clients. keep records that shall show the amount held in respect of each client with respect to additional margin and with respect to retained margin and it shall at all times ensure that the correct amount of additional margin as required in terms of the relevant client agreement is held in respect of each client's positions. Other than in respect of the payment for fees and services rendered, ensure that there is no deposit or receipt of client funds into its own proprietary account. 	
443	Rule 10.80	0.5
What is the purpose of separate accounts for bonds holdings at a members' CSDP in respect of a member which has control over and custody of the bonds holdings of one or more of its clients?	To segregate the custody positions of its clients from its proprietary positions.	
444	Rule 10.90.1	0.5
Where a trading member has control over the bond holdings of its clients, what details must be recorded by a trading member?	The details of such client bonds holdings.	
445	Rule 10.90.1	0.5
Why must the details of the bond holdings of a client be recorded by a trading member?	To render it possible at any time to establish readily the identity of the persons entitled to the ownership of such bonds.	
446	Rule 10.90.2	0.5
What must be balanced and reconciled by a trading member that controls bonds on behalf of its clients?	Its own client holdings records with the custody balances as reflected by its CSDP.	
447	Rule 10.90.2	0.5
How often must a trading member balance and reconcile its own client holdings with	On at least a monthly basis.	

custody balances as reflected by its CSDP?		
448	Rule 10.90.3	1.5
What reconciliation information must be provided to the JSE by a trading member that controls bond holdings on behalf of its clients?	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, together with full details and explanations of reconciling items.	
449	Rule 10.90.4	1.5
When may a trading member exercise control over a client's bonds holdings?	When it has entered into an agreement with a client whereby the member exercises control over the client's bonds holdings, and the client agreement contains the minimum requirements as set out in Directive DD.	
450	Rule 10.90.5	0.5
Who may withdraw or transfer a member settled clients' bond holdings from a client custody account held with the CSDP of the trading member?	Only suitably authorized persons .	
451	Rule 10.90.6	1
What is a trading member precluded from controlling or having custody over?	The holdings of its non-resident or emigrant clients in bonds unless it is an authorized bank.	
452	Rule 10.90.6	0.5
Who may control or have custody over the holdings of a trading member's non-resident or emigrant clients in bonds?	Only an authorized bank.	
453	Rule 10.100	1.5
When is a member deemed to have granted the client a loan repayable on demand?	When a member 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.	
454	Rule 10.100	0.5
What rate of interest is applicable to a loan granted by a member as a result of the relaxation or indulgence?	At a rate of interest specified in the client agreement.	
455	Rule 10.100	1
If no interest rate is specified in the client agreement for relaxation or indulgence regarding the payment of margin how is the rate determined?	The 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.	
456	Rule 10.100	0.5
What is the member's obligation/s if the period of relaxation or indulgence for the payment of margin exceeds two business days?	Immediately inform the client thereof in writing.	
457	Rule 10.105	2
What are the requirements for the acceptance of cash deposits?	<ul style="list-style-type: none"> No 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 	

	<p>coin and paper money of the Republic or any other country.</p> <ul style="list-style-type: none"> • A 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. 	
458	Rule 10.110	0.5
What is a non-resident's obligation/s in respect of bank account for the purpose of trading in IRC securities?	The non-resident client shall open a non-resident account at an authorized bank.	
459	Rule 10.110	1
What is an emigrant client's obligation in respect of bank account for the purposes of trading in IRC securities?	The emigrant client shall open an emigrant's blocked account and a non-resident account, both with the same authorized bank.	
460	Rule 10.120	2.5
What are the margins payable by a non-resident or emigrant client with respect to the open futures and option contract positions or unsettled bond positions?	A non-resident or emigrant client shall pay the initial margin, settlement margin or top-up margin that would otherwise have been payable by or to a member or a resident client in relation to equivalent positions, adjusted by the margin category assigned by the member in question to the non-resident or emigrant client, and a trading member may not hold any retained or additional margins in relation to the positions of any non-resident or emigrant client	
461	Rule 10.130.1	1.5
With respect to open futures and option contract positions or unsettled bond positions where must a non-resident or an emigrant client pay or receive margin?	<ul style="list-style-type: none"> • A nonresident client shall pay from, or receive into his non-resident account from; or • an emigrant client shall pay from, or receive into his emigrant's blocked account from; <p>the client trust account of the trading member with whom he traded to open such positions.</p>	
462	Rule 10.130.1.2	1
How must interest be treated in respect to open futures and option contract positions or unsettled bond positions of a non-resident or an emigrant client treated?	Interest may not be included with any margin payment but shall be treated separately and as contemplated in rule 10.130.6, off-set may not apply.	
463	Rule 10.130.1.3	1
How are trading, clearing and settlement fees treated in respect to open futures and option contract positions or unsettled bond positions of a non-resident or an emigrant client?	Trading, clearing and settlement fees may not be included with any margin payment but shall be treated separately as contemplated in rule 10.140.	
464	Rule 10.130.1.4	0.5
A trading member may hold any retained or additional margin with respect to the positions of a non-resident or an emigrant client. True or false?	False	
465	Rule 10.130.2	1.5
How are the net settlement amounts to be	The confirmation is contained in the SWIFT non-	

paid or received confirmed for a non-resident or an emigrant client?	resident account notification or the SWIFT emigrant's blocked account notification to the authorized bank, and shall require the authorized bank to release or accept this amount to or from the trading member concerned.	
466	Rule 10.130.3	1
When may a clearing member or SAFCOM off-set amounts due to it against amounts due by it to or from a trading member?	When it can be ascertained from the statements passing between them that no margins or other monies of a non-resident or an emigrant client are being held by either SAFCOM or the clearing member.	
467	Rule 10.130.4	2.5
What are a trading members' obligation/s in respect of off-set and the amounts due to a non-resident client or an emigrant client?	A trading member may not off-set; <ul style="list-style-type: none"> the amounts due to a non-resident client or an emigrant client against any amount due from any other non-resident client or emigrant client, any amount due to an emigrant client for credit of that emigrant client's emigrant's blocked account against any amount due from that emigrant client from that emigrant's non-resident account, or vice versa 	
468	Rule 10.130.5	2
When and to whom shall a trading member pay an amount equal to that which it received in respect of interest on margins on the non-resident client's or emigrant client's positions from its clearing member or SAFCOM?	On the second business day following the end of each month during which a non-resident client or emigrant client had a position registered in his name, pay to the authorized bank concerned for the credit of that non-resident client's or emigrant client's non-resident account.	
469	Rule 10.130.5	1
What shall a clearing member who has a clearing agreement with a trading member pay to the trading member?	An amount equal to that which it received in respect of the non-resident client's or emigrant client's position from SAFCOM in respect of interest on margins.	
470	Rule 10.130.6	1
Which amount /s is a trading member not permitted to set-off in regard to non-resident client accounts or emigrant client blocked accounts?	Amounts due to be paid from against amounts to be paid into a non-resident client's non-resident account or, in the case of an emigrant client, the emigrant client's blocked account.	
471	Rule 10.130.7	1.5
When and into which account/s must interest due to a non-resident client or emigrant client be paid by the trading member?	To the authorized 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 authorized bank concerned.	
472	Rule 10.140.1/2	3
What conditions apply to a trading member's claim for trading, clearing and settlement fees in respect of transactions with a non-resident or emigrant client?	<ul style="list-style-type: none"> a trading member shall not be entitled to off-set such fees against margin due by it to a non-resident client or emigrant client or against any balance due to the non-resident or emigrant client; and the authorized bank concerned shall compare the 	

	transactions referred to in the non-resident account clearance certificate or emigrant's blocked account clearance certificate against the transactions referred to in the member's statement claiming such fees in respect of such transactions and may inform the JSE of any discrepancy.	
473	Rule 10.220.2.1/2/3/4/5/6	4.5
What are a member's general conduct responsibilities in dealings with clients?	<ul style="list-style-type: none"> • act honestly and fairly; • act with due skill, care and diligence, and in the interests of clients; • exercise independent professional judgment; • act promptly on and in accordance with the instructions of a client, and exercise any discretion in a responsible manner; • avoid conflicts of interest and when they cannot be avoided, ensure fair treatment to clients by disclosure, confidentiality or declining to act. A member shall not unfairly place its interests above those of its clients; and • 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. 	
474	Rule 10.220.4.1	0.5
In rendering a service to a client, any representations made and information provided by a member shall be factually correct. True or false?	True	
475	Rule 10.220.4.1.2	0.5
In rendering a service to a client, in what manner must the information or representations be provided by a member?	In plain language, avoid uncertainty or confusion and not be misleading.	
476	Rule 10.220.4.1.3	1
On what basis must the member ensure that any representations made or the information provided by a member to a client is adequate and appropriate in the circumstances of the particular service?	The member must take into account the factually established or reasonably assumed level of knowledge of the client.	
477	Rule 10.220.4.1.4	1.5
Where any amount, sum, value, charge, fee, remuneration or monetary obligation is mentioned to a client, what must a member ensure?	He must reflect it in monetary terms and where it is not reasonably pre-determinable, its basis of calculation must be adequately described.	
478	Rule 10.220.4.2.2	1.5
When may a member disclose confidential information, acquired or obtained from a	When the written consent of the client has been obtained beforehand or disclosure of the information	

client, about a client?	is required to further the objects of the Act or is required under any law.	
479	Rule 10.220.5.1	1
What are a member's obligations in regard to client records?	A member must maintain proper, complete, accurate and secure records in relation to the services rendered to its clients.	
480	Rule 10.220.5.2.1/2/3/4	3
Which client record information must be stored, in a manner safe from destruction and be able to be retrieved by a member?	<ul style="list-style-type: none"> communications relating to a service rendered to a client, including instructions given by the client to the member; transaction documentation relating to clients; contractual arrangements between the member and its clients, including client agreements and mandates prescribed by these rules; and client particulars required to be provided in terms of these rules or which are necessary for the effective operation of client accounts. 	
481	Rule 10.220.5.3	0.5
In what format must client records be kept?	The client records may be kept in printed, electronic or voice-recorded format.	
482	Rule 10.220.5.4	0.5
In what time frame must records be made available for inspection?	Within seven days.	
483	Rule 10.220.5.5	0.5
What is the retention period for all instructions given by clients to execute a transaction?	A period of at least six months after the relevant transactions.	
484	Rule 10.220.5.5	1
How long must a member retain client records?	<ul style="list-style-type: none"> 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 must be kept for at least five years after the rendering of the services concerned. 	
485	Rule 10.220.7	1
May a member request or induce a client to waive any right or benefit conferred on the client in terms of the Rules?	A member may not, and any such waiver is void.	
486	Rule 10.220.10	2.5
What are a member's obligations in regard to regulators other than the JSE?	A member shall 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 member.	

DEFAULTS		
487	Rule 10.240	0.5
Who must report contraventions to the JSE?	Every member shall report to the JSE any contravention of the Act, these rules, and the directives that comes to its attention.	
488	Rule 2.10	0.5
Define "compensation fund"	means collectively, the Fidelity Fund and Guarantee Fund, as contemplated in section 9(1)(e) of the Act;	
489	Rule 2.10	0.5
Define "default"	means a default by a client or trading member or clearing member as contemplated in section 11;	
490	Rule 2.10	1
Define "Fidelity Fund"	means a Compensation Fund as contemplated in terms of Section 9(1)(e) of the Act, out of which shall be paid claims arising from the default of a member in accordance with the rules of the fund;	
491	Rule 2.10	1
Define "Guarantee Fund"	means a Compensation Fund as contemplated in terms of Section 9(1)(e) 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;	
492	Rule 2.10	0.5
Define "trustees"	means the trustees of one or both of the Compensation Funds, as the context may require;	
493	Rule 11.10	1
When shall a member default?	<ul style="list-style-type: none"> When it is unable to meet its commitments to SAFCOM, another trading member, its clearing member, its CSDP, or its clients arising out of an IRC security transaction or position; When the JSE, in its sole discretion, considers that it has defaulted. 	
494	Rule 11.20	1.5
When shall a client default?	<ul style="list-style-type: none"> When he fails to fulfill any of his obligations in terms of an IRC security transaction or position; or When the JSE, in its sole discretion, considers that he has defaulted; or When he is in default with respect to one particular member and the JSE in its discretion decides that he is in default with respect to another member. 	
495	Rule 11.60.1.1/2	2
What are the primary purposes for maintaining and making available the Guarantee Fund?	<ul style="list-style-type: none"> paying compensation to a trading member or a client as a result of a settlement default by a trading member arising out of a transaction in bonds; and facilitating settlement of a transaction in bonds to avoid an imminent settlement default by a 	

	trading member;	
496	Rule 11.60.3	1
What constitutes a settlement default?	A settlement default refers to the failure by a trading member to pay any amounts claimed by another member or a client in terms of the failed trade procedures in rule 9.135.	
497	Rule 11.60.4	1
What are exclusive funds?	The amount of funds determined by the JSE which it recommends the Guarantee Fund should have reserved exclusively for settlement defaults.	
498	Rule 11.60.4	0.5
What is the minimum value of exclusive finds?	The exclusive funds shall at no time be less than R30 million.	
499	Rule 11.60.5.1 /2/3	2.5
What are the exclusive funds reserved for?	<ul style="list-style-type: none"> • compensating claimants for settlement defaults; • 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 • insuring the Guarantee Fund against any claims for compensating claimants for settlement defaults as contemplated in rule 11.60.5.1. 	
500	Rule 11.60.7.1/2/3/4/5	4
What action must by the Settlement Authority take when he declares a settlement default by a trading member?	<ul style="list-style-type: none"> • determine the defaulting trading member's nett settlement obligations and other open positions of the defaulting trading member in respect of each bond transaction; • determine a list of potential claimants; • inform the controlling body and the trustees; • 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 • pay over to the relevant claimant any such payment received from the Guarantee Fund in respect of such claim. 	
501	Rule 11.60.8.1/2	1
What must the claimant include in a claim to the Settlement Authority?	<ul style="list-style-type: none"> • 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 • any further evidence that the Settlement Authority or the trustees may require. 	
502	Rule 11.60.10	2
When may the trustees of the Guarantee Fund make payment of any amount to the claimant?	Only 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.	
503	Rule 11.60.15	1
May a trading member or client have a claim against the trustees or the JSE for non-payment of a settlement default?	No, all claims lodged pursuant to this rule 11.60 must be lodged against the Guarantee Fund and no trading member or client may have any claim against the trustees or the JSE.	
504	Rule 11.60.16	1
Which trading members must contribute to the Guarantee Fund?	All trading members who execute reported transactions in bonds except for trading members who only execute transactions on a name give-up basis.	