

JSE LIMITED

**Equity Settlement Officer
Examination study manual**

May 2018

DISCLAIMER

This booklet has been produced as a guide, at a given point of time and in an abbreviated form, 'to the more important provisions of the Financial Markets Act 2012 (Act No. 19 of 2012), Rules and Directives of the JSE Limited and other related legislation to assist Settlement Officer examination candidates to understand the basic principles and practices of Settlement of transactions in equity securities transacted on the JSE.

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 Limited 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 therefrom. Accordingly, the JSE Limited accepts no responsibility for any transactions or actions entered into as a result of the contents thereof.

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Question	Reference	Marks
1	Rule 1.40	0.5
Define "ACT"		
means the Financial Markets Act, 2012 (Act No. 19 of 2012) and any measure prescribed thereunder by the Minister of Finance or the Registrar		
2	Act Sec 1	0.5
Define "bank"		
means a bank as defined in the Bank 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 1.40	0.5
Define "BDA system"		
means the Broker Deal Accounting system operated by the JSE.		
4	Rule 1.40	0.5
Define "Companies Act"		
means the Companies Act, 2008 (Act no.71 of 2008).		
5	Rule 1.40	0.5
Define "controlling body"		
means the board of directors of the JSE which is the governing body managing the affairs of the JSE.		
6	Act Sec 1	1
Define "derivative instrument"		
means any		
1. financial instrument; or		
2. contract		
that creates rights and obligations and whose value depends on or is derived from the value of one of more underlying asset, rate or index, on a measure of economic value or on a default event.		
7	Act Sec 1	0.5
Define "in writing"		
In relation to anything which, in terms of the Act, must be done in writing, includes such things done in electronic form.		
8	Rule 1.40	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.		

Question	Reference	Marks
<p>9</p> <p>Define "JSET"</p> <p>means JSE Trustees (Pty) Ltd</p>	Rule 1.40	0.5
<p>10</p> <p>Define "JSE year"</p> <p>means the financial year of the JSE which shall end on the last day in December in each year or such other date as the JSE may determine.</p>	Rule 1.40	0.5
<p>11</p> <p>Define "Republic"</p> <p>means the Republic of South Africa.</p>	Rule 1.40	0.5
<p>12</p> <p>Define "SENS"</p> <p>The Securities Exchange News Service or any other communication mechanism which the JSE uses to communicate corporate action notices.</p>	Rule 1.40	0.5
<p>13</p> <p>What is the purpose of the rules and directives?</p> <p>The purpose of the 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.</p>	Rule 2.30.1	3
<p>14</p> <p>Who are the directives binding on?</p> <p>The directives are binding on members and their employees.</p>	Rule 2.30.2	0.5
<p>15</p> <p>Who are the rules binding on?</p> <p>The rules are binding on members and their employees; and The rules are binding on any person utilising the services of a member or who concludes a transaction with a member in the course of that member's business.</p>	Rule 2.30.2	1.5
<p>16</p> <p>On what specific condition must every transaction in equity securities entered into by a member be concluded?</p> <p>On the specific condition that the transaction is entered into subject to the Act, the rules and the directives.</p>	Rule 2.40	0.5

Question	Reference	Marks
17	Rule 2.50	0.5
With whom does the interpretation and enforcement of the rules and the directives vest?		
The controlling body.		
18	Rule 2.90	1
What is the rule regarding Settlement systems?		
The JSE may operate, or contract with a third party to operate, one or more settlement systems and the JSE may prescribe: -		
<ol style="list-style-type: none"> 1. Procedures and requirements with which members must comply when using such settlement systems; and 2. The fees payable by the members for the use of such settlement systems. 		
19	Rule 2.100.4	3
What is the purpose of JSE Trustees (Pty) Limited?		
<ol style="list-style-type: none"> 1. To accept from members all funds arising from time to time from accounts operated by members on behalf of clients in terms of the rules. 2. To repay such members the funds which are required to be repaid to clients by the member. 3. To repay members the funds which are required to meet any client obligation to the member arising out of transactions or services provided for in the rules. 		
20	Rule 2.100.8	1
What interest is paid by JSET to members?		
Such interest as it may from time to time receive on such funds, less a charge in respect of the services rendered by JSET.		
21	Rule 1.40	1
Define "agency office"		
An office which does not undertake any of the functions of a branch office but which can undertake scrip and cash settlements.		
22	Rule 1.40	1
Define "branch office"		
An office of a member, other than its primary or head office, which can perform trading services and investment services.		
23	Rule 1.40	0.5
Define "JSE listed securities"		
Those listed securities included in the list of securities kept by the JSE.		

Question	Reference	Marks
24	Rule 1.40	0.5
Define "member"		
An equities member, which is a category of authorised user admitted to membership of the JSE under these rules.		
25	Rule 1.40	0.5
Define "client"		
Means any person to whom a member provides securities services in terms of the rules and includes a person that acts as an agent for another person in relation to those services in which case it will include the agent or exclude the other person if the contractual arrangement between the parties indicates this to be the intention.		
26		
Reserved		
27	Act Sec 2	0.5
Define "Registrar"		
Means the Registrar or Deputy Registrar of security services referred to in Section 2 of the Act.		
28	Rule 1.40	2.5
Define "regulated services"		
Those securities services and other activities which are regulated by the JSE and which the JSE authorises members to perform, namely:		
<ol style="list-style-type: none"> 1. trading services; 2. investment services; 3. custody services; and 4. money broking. 		
29	Rule 1.40	1
Define "trading services provider"		
A member which has been authorised by the JSE to perform trading services in terms of the rules.		
30	Rule 1.40	0.5
Define "TSP"		
A trading services provider.		

Question	Reference	Marks
31	Rule 3.70	3
<p>What are the requirements to be authorised to perform custody services?</p>		
<ol style="list-style-type: none"> 1. An applicant for membership or a member must provide evidence to the satisfaction of the JSE that it is able to comply with the criteria to operate as a CSP set out in the directives. 2. An authorised CSP must continue to comply with the criteria to operate as a CSP set out in the directives on an ongoing basis. 3. If an authorized CSP provides custody services to controlled clients it must establish and maintain a nominee company which is approved by the JSE. 		
32	Rule 3.80	3
<p>What are the requirements to conduct money broking activities?</p>		
<ol style="list-style-type: none"> 1. An applicant for membership or an authorised ISP must provide evidence to the satisfaction of the JSE that it has employed or will employ adequate resources, procedures and systems necessary for the effective conduct of money broking transactions and for ensuring compliance with the rules relevant to the performance of such transactions. 2. A member authorised to conduct money broking requirements must continue to meet these requirements on an ongoing basis in order to retain such authorisation. 		
33	Rule 3.90	6
<p>A member who operates controlled client accounts is required to establish and maintain a nominee company. What requirements must be met?</p>		
<ol style="list-style-type: none"> 1. The sole objective of the nominee company must be to act as the registered holder of securities exclusively on behalf of such member and its controlled clients. 2. The shares in the nominee company must be beneficially owned by and be registered in the name of the member. The member must ensure that the nominee company incurs no liabilities other than those normally incurred as a result of acting as a nominee in respect of securities. 3. The powers of the nominee company must be limited to the sole objective of the nominee company and any other acts necessary to achieve that objective. 4. Use of the nominee company must be approved by the JSE on the basis that the member: <ol style="list-style-type: none"> (a) is an authorised CSP; or (b) has appointed a CSP to perform custody services on behalf of the member and has granted authority to that CSP to exercise control over the controlled clients' equity securities held in the name of the nominee company. 		

Question	Reference	Marks
34	Rule 3.150	12
<p>What information must be furnished to the JSE in writing by a member in respect of its membership status?</p> <ol style="list-style-type: none"> 1. Any change of name, address of any office, telephone, facsimile number, or email address. 2. Granting of an application for, or revocation of, any registration, authorisation or licence associated with its business as a member of the JSE. 3. Any circumstances relating to the liquidation or placement under judicial management of the member. 4. The prosecution or conviction of the member for any offence under legislation relating to banking, other financial services, companies, insolvency, insurance and pension and provident societies or any offence involving fraud or dishonesty. 5. Any change to the appointment of a compliance officer, a settlement officer or an alternate settlement officer. 6. Any person becoming or ceasing to be a director of a member. 7. Any change in the appointment of a person in control of a place of business. 8. Any change in the name of a nominee company. 9. Any event or circumstance which may affect an officer or a shareholder (who directly or indirectly holds 10% of the issued shares) meeting the fit and proper requirements. 10. The dismissal of an employee for committing or attempting to commit an act which is dishonest or fraudulent. 11. Any person ceasing to be a registered trader 		
35	Rule 3.170	1
<p>Why must a member ensure that in its business relationships with other parties it does not facilitate such other parties holding out or in any way representing that all or part of their activities are part of the business of the member or subject to the rules, directives or regulation of the JSE?</p> <p>Because the JSE provides specific safeguards and protections to clients of members.</p>		
36	Directive AB 1 and AB 2	1
<p>Whose written approval is required to carry on the business of a member either through the operation of an office or in any association such as via a corporate body, partnership or joint venture with an overseas stockbroker or an institution offering similar services.</p> <ol style="list-style-type: none"> 1. Within the common monetary area (i.e. Lesotho). 2. Outside the common monetary area. <ol style="list-style-type: none"> 1. The JSE 2. The JSE and the Exchange Control Department of the SA Reserve Bank. 		
37	Directive AC	0.5
<p>Whose prior consent is required to open or maintain a branch office or agency office?</p> <p>The JSE.</p>		
38	Directive AM	1.5
<p>Under what conditions could a member (host member) be permitted to enter into an arrangement to provide the full spectrum of accounting and administrative functions on behalf of another member (the satellite member)</p> <ol style="list-style-type: none"> 1. Subject to the written approval of the JSE. 2. If, in the opinion of the Director: Market Regulation, the host member is adequately staffed and its administration is being conducted in an expert and orderly manner with all requisite controls in place. 		

Question	Reference	Marks
39	Rule 1.40	1
Define "alternate settlement officer"		
An employee of either a member or a member's CSP or settlement agent appointed by such a member, fulfilling the function of the settlement officer in the settlement officer's absence.		
40	Rule 1.40	1
Define "compliance officer"		
The person appointed by a member in terms of the rules to assist the board of directors of the member in ensuring compliance by the member with the Act, the rules and the directives.		
41	Rule 1.40	0.5
Define "employee"		
An individual engaged by a member whose function relates to the provision of regulated services		
42	Rule 1.40	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		
43	Rule 1.40	1
Define "JSE Executive"		
Means the Chief Executive Officer and such other officials of the JSE as the Chief Executive Officer and Chairman of the controlling body may from time to time designate.		
44	Rule 1.40	0.5
Define "JSE Gazette"		
Means the official Gazette published under the authority of the JSE Executive.		
45	Rule 1.40	0.5
Define "market controller"		
The person appointed by the JSE to supervise, administer and control the daily operations of the JSE equities trading system.		
46	Rule 1.40	1
Define "officer" in relation to a member.		
Includes any executive director, compliance officer, settlement officer or alternate settlement officer thereof.		

Question	Reference	Marks
47	Rule 1.40	1
Define "settlement officer"		
An employee of a member or an employee of a member's CSP or settlement agent, appointed by that member in terms of the rules to manage the member's obligations in relation to the settlement of transactions in equity securities effected by that member		
48	Rule 4.40.1 & 2	1
Which examination is a person to be appointed as a settlement officer or alternate settlement officer required to have passed and what may the person be required to evidence to the Settlement Authority if called upon to do so regarding the continuing obligations of the officer after they have passed the exam?		
<ol style="list-style-type: none"> 1. The settlement officer examination prescribed by the JSE. 2. That he has subsequently maintained an adequate knowledge of the JSE rules. 		
49	Rule 4.40.1 & 2	3.5
What are the duties of a settlement officer?		
<ol style="list-style-type: none"> 1. To manage the equity securities settlement obligations of a member. 2. Deal with all queries by the JSE in relation to settlement. 3. Ensure that appropriate procedures are implemented and the necessary action is taken to facilitate the settlement of all transactions in equity securities in accordance with the rules and directives. 4. Advise the JSE of any issue that may potentially impact on the settlement of a transaction, and 5. Co-operate with the Settlement Authority to ensure the efficient and timeous settlement of all transactions. 		
50	Rule 4.40.5	1
Can a member conduct its business in the absence of a duly appointed settlement officer or alternate settlement officer?		
No, except where the Settlement Authority may otherwise direct.		
51	Rule 4.40.6	0.5
Despite the appointment of a settlement officer who retains the overall responsibility for ensuring compliance with the Rules and Directives of settlement transactions in equity securities.		
The member		
52	Rule 4.40.6	0.5
Where a member has appointed a CSP or a settlement agent to effect settlement of transactions in equity securities on behalf of that member and its clients, who has ultimate responsibility for ensuring that settlement takes place?		
The member		

Question	Reference	Marks
53	Directive DA 1.1 to 1.3	2
In what manner are the financial records of a member required to be maintained?		
<ol style="list-style-type: none"> 1. On a continual basis. 2. All transactions in JSE authorised investments, Krugerrands, securities lending and borrowing transactions or movements in clients' assets other than those specifically excluded in the directives must be recorded in the BDA system. 3. Explain both own and clients' transactions and commitments. 4. Records to disclose, with substantial accuracy the financial position of the member at the close of business on any day. 		
54	Directive DA 1.4	3
What are the minimum requirements of the Act regarding the content of a member's accounting records?		
Records to contain details of:		
<ol style="list-style-type: none"> 1. Receipts and Payments, both own and clients; 2. Income and expenditure, explaining the nature thereof; 3. Assets and Liabilities; 4. Purchases and Sales, both own and clients; 5. Receipts and dispatch of documents of title; and 6. Securities and documents of title in the possession or control of the member showing: <ol style="list-style-type: none"> (a) physical location; (b) owner; (c) purpose for which held (d) whether they are subject to any charge. 		
55	Directive DA 1.5	1
How frequently must a member reconcile all balances with banks and custodians?		
As frequently as is appropriate for the volume of transactions on the accounts but not less than every 2 days		
56	Directives DA 1.11, 1.12 and 1.13	3
Details of certain transactions in JSE authorised investments executed by a member on behalf of clients need not be recorded in the BDA system.		
<ol style="list-style-type: none"> 1. which are they? 2. must all receipts and payments relating to such transactions be recorded in the BDA system? 3. must the transactions recorded in the other system comply with the directives and the Act relating to the maintenance of accounting records? 		
<ol style="list-style-type: none"> 1. <ol style="list-style-type: none"> (a) Securities listed on an external exchange. (b) Participatory interests in a collective investment scheme as defined in the Collective Investment Schemes Control Act, 2002, and units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes. (c) Units or any other form of participation in a collective investment scheme licensed or registered in a foreign country. AND (d) Any other financial product, other than JSE authorised investments. 2. Yes. 3. Yes. 		

Question	Reference	Marks
57	Directive DA 2.1	5
<p>In extending credit to a client or counterparty, either through a loan of funds, a loan of securities or an indulgence in relation to an obligation of a client or counterparty to a member, what must a member ensure?</p> <ol style="list-style-type: none"> 1. That the granting of credit does not compromise its ability to meet its financial resources requirements as specified in the rules and directives. 2. That the granting of credit does not adversely impact its liquidity to the extent that it may not have sufficient funds to meet its short-term commitments. 3. That the realisable value of any collateral or other security provided by the client or counterparty which reduces the exposure on which the member's counterparty risk requirement is calculated in terms of DC9.4, can be reliably measured. 		
58	Directive DA 2.2	1
<p>What must a member do in managing risk in relation to any guarantees given or assets pledged to secure the obligations of a third party?</p> <p>Measure and monitor its material credit exposures and any associated collateral or other security on an ongoing basis to ensure that actual and potential fluctuations in the value of the relevant loans or security held against such loans do not adversely affect the member's ability to meet its financial resources requirements.</p>		
59	Directive DB 1.1	0.5
<p>By what day of the month are members required to submit returns reflecting members risk positions and its financial resources to the Director: Market Regulation (CAPAD return)?</p> <p>By the tenth business day of each month in respect of the close of business for the previous month.</p>		
60	Directives DB 1.1	0.5
<p>Within how many months of a member's financial year end must the following reporting statements be submitted to the Director: Market Regulation?</p> <p>Annual financial statements Annual reconciliation statement, Auditor's special reports.</p> <p>3 Months.</p>		
61	Directive DE 1	1
<p>What requirements must the Accounting Services utilised by members comply with?</p> <p>The requirements of section 90 of the Act and any regulations issued in terms thereof and which are made available to them from time to time by the JSE or otherwise as the JSE may determine.</p>		
62	Directive DK	0.5
<p>Can the JSE decide that a special audit of a member be conducted either by the JSE Market Regulation Department or an auditing firm nominated by it?</p> <p>Yes.</p>		

Question	Reference	Marks
63	Directive DL	4.5
<p>Members are required to notify the Director: Market Regulation when certain events take place or are likely to take place. Itemise these events.</p> <ol style="list-style-type: none"> 1. Breach of financial resource requirements. 2. Inability to pay the JSE, an exchange or clearing house by due date thereby causing a default. 3. Inability to submit any required financial statement or report. 4. Contingency claims greater than 10% of Adjusted Liquid Capital or R500 000. 5. Believes any previous reporting statement materially misleading. 6. Claims on professional indemnity insurance policy. 7. Qualified auditor's report on annual financial statements. 8. Change of financial year-end. 9. Inability to comply with JSE Rules and Directives. 		
64	Directive DN	6
<p>What is a member required to ensure in connection with the production and distribution of client statements?</p> <ol style="list-style-type: none"> 1. Effective controls are implemented. 2. That clients are able to review the activity of their accounts and performance of their portfolios at appropriate and regular intervals. 3. Utilise the BDA system or other system reflecting the same information on client statements as BDA. 4. Statements can be produced in hard copy or electronic form on clients consent which must be in writing and retained on record. 5. There must be a segregation of duties between those persons responsible for transactions and those responsible for the distribution of the statements, and the control over the record of the address to which a client's statement is to be dispatched. 		
65	Rule 1.40	1
<p>Define "trade cancellation"</p> <p>means the cancellation of an on book or off book trade on the same business day or the next business day</p>		
66		
Reserved		
67		
Reserved		

Question	Reference	Marks
68	Rule 1.40	8
Define "professional client" in relation to a member.		
<ol style="list-style-type: none"> 1. another authorised user; 2. a bank; 3. a long-term or short-term insurer registered as such under the Long-term Insurance Act, 1998 or the Short-term Insurance Act, 1998, respectively; 4. a person outside the Republic who – <ol style="list-style-type: none"> (a) as a regular feature of the person's business, renders a service similar to a "securities service" as defined in section 1 of the Act or conduct the business of a bank or a business referred to in paragraph (c) ; and (b) is registered, licensed, recognised, approved or otherwise authorised to render the service or conduct the business referred to in paragraph (d)(i) by a foreign regulator with functions similar to those of the Registrar, the Registrar of Banks or the Registrar of Long-Term or Short-Term Insurance; 5. any person who is mandated to manage assets and who has confirmed to the satisfaction of the member that the market value of the assets managed by the person will exceed R1 billion at all times during the rendering of securities services to the person; 6. any other client, who has confirmed to the satisfaction of the member that they will have assets of which the net asset value will exceed R20 million at all times during the rendering of securities services to the client, but who is not – <ol style="list-style-type: none"> (a) a natural person; (b) a pension fund organization as defined in section 1 of the Pension Funds Act, 1956; (c) a friendly society referred to in the Friendly Societies Act, 1956; (d) a medical scheme as defined in section 1 of the Medical Schemes Act, 1998. 		
69	Rule 1.40	1
Define "professional market participant"		
Means a financial services provider licensed in terms of section 8 of the FAIS Act.		
70	Rule 1.40	1
Define " off book trade"		
Means a transaction in equity securities negotiated off the central order book and submitted by a member to the JSE equities trading system.		
71		
Reserved		

Question	Reference	Marks
72	Rule 6.30.1 and 5	3.5
<p>Off Book trades do not have to be executed through the central order book. What type of transactions may validly be reported by a member to the JSE equity trading system?</p>		
<ol style="list-style-type: none"> 1. Block trades (BT). 2. Bookbuild (BK). 3. Corporate finance transactions (CF). 4. Portfolio transactions (PF). 5. Late trades (LT). 6. Exercise of warrants (WX). 7. Exercise of traded options (TX). 8. Exercise of options (OX). 9. Off order book principal trades (OP). 10. Next day cancellation of a published Off Book Trade(LC). 11. Next day cancellation of on book trade (PC). 12. Next day cancellation of a non-published Off book Trade (NC). 13. Delta trades (OD). 14. Give-up Trade (GU) 		
73	Rule 6.30 3 and 4	1.5
<p>By what time are off book trades required to be reported to the JSE trading system if conducted?</p>		
<ol style="list-style-type: none"> 1. During trading hours. 2. After trading hours. <ol style="list-style-type: none"> 1. Immediately. 2. Within 45 minutes of the commencement of the off book trade reporting session on the next business day. 		
74	Rule 6.30.5	2
<p>Which types of off book transactions are not published?</p>		
<ol style="list-style-type: none"> 1. Exercise of options 2. Exercise of warrants 3. Exercise of traded option 4. Delta trades 5. Give-up trades 		
75	Rule 6.40.2	2.5
<p>What is a block trade?</p>		
<p>An off book transaction where a member trades as a principal or agent in a single equity security and the transaction comprises at least -</p>		
<ol style="list-style-type: none"> 1. the specified percentage of the average daily value; or. 2. the specified nominal value of the transaction in that equity security; <p>as applicable and as set out in the directives.</p>		
76	Reserved	

Question	Reference	Marks
<p>77</p> <p>What is a corporate finance transaction?</p> <p>An off book transaction which:</p> <ol style="list-style-type: none"> 1. Must be entered into in writing. 2. Requires public notification in the press. 3. Complies with the requirements of transaction categories 1,2 or 3 of Section 9 of the Listing Requirements of the JSE. 	<p>Rule 6.40.3</p>	<p>1.5</p>
<p>78</p> <p>What is a portfolio transaction?</p> <p>A transaction where a member trades as an agent or principal in a list of equity securities</p> <ol style="list-style-type: none"> 1. It has a minimum value of R15 million: and 2. comprises at least 10 different equity securities none of which exceeds 25% of the value of the portfolio. 	<p>Rule 6.40.9</p>	<p>2</p>
<p>79</p> <p>Under what circumstances may the Director: Market Regulation instruct a member to enter a trade cancellation without having received a formal request to do so by any member?</p> <p>If in his opinion an:</p> <ul style="list-style-type: none"> - on book trade; or - off book trade <p>transaction materially impacts the integrity or transparency of the market or the correctness of the statistics.</p>	<p>Rule 6.50.4</p>	<p>2</p>
<p>80</p> <p>What is a late trade?</p> <p>The transaction is:</p> <ol style="list-style-type: none"> 1. executed by a member acting on behalf of a client, in fulfilment of an order already entered into the JSE equities trading system, and where the counterparty is a foreign professional market participant; or 2. executed by a member for a professional market participant, in fulfilment of an order received prior to the end of the closing auction call session, at a price which can only be established after the closing auction call session; or 3. executed by a member acting on behalf of a professional market participant in fulfillment of an order received after trading hours, where the counterparty is a foreign professional market participant; or 4. executed by a member as a principal for its own account where the counterparty is a foreign professional market participant 	<p>Rule 6.40.7</p>	<p>8</p>
<p>81</p> <p>What is a delta trade?</p> <p>Is a transaction where a member trades as an agent or a principal who, in a single equity security where the transaction transfers the delta hedge: -</p> <ol style="list-style-type: none"> 1. from one member to another member; or 2. from a client of a member to that member; or 3. from a client of a member to another member; <p>in respect of a derivative transaction which has been reported to either the JSE derivatives trading system or the derivative trade recording system referred to in the directives.</p>	<p>Rule 6.40.4</p>	<p>3</p>

Question	Reference	Marks
82	Rule 6.40.8	3
What is an off order book principal trade?		
It is a transaction where a member trades as a principal in a single equity security where the transaction comprises at least -		
<ol style="list-style-type: none"> 1. the specified percentage of the average daily value; or 2. the specified nominal value of the transaction in that equity security; as applicable and as set out in the directives, except where the transaction is with a foreign professional market participant in which case no minimum value will apply.		
83		
Reserved		
84	Rule 6.50.1	0.5
Who may grant permission to or instruct the respective members to execute a trade cancellation?		
The Director: Market Regulation		
85	Rule 6.50.2	4
Under what exceptional circumstances will a same day or next day trade cancellation of an on book trade be considered?		
If the trade meets at least the following requirements:		
<ol style="list-style-type: none"> 1. the request is received by the Director: Market Regulation within 20 minutes from the time of the first erroneous trade which has arisen as a consequence of an erroneous order; and 2. the price of the trade or trades for which the trade cancellation is requested is 5% or more away from the reference price immediately before the erroneous order was placed; and 3. the difference between the aggregate value of trades that qualify in terms of Rule 6.50.2.2 and the value that would have resulted had such trades been executed at the reference price is R50 000 or more; or 4. the quantity of shares traded exceeds 5% of the equity security in issue. 		
86	Rule 6.70	1
Under what circumstances may the Director: Market Regulation declare an unreasonable transaction void?		
Where, from a lack of clarity in the published information available at the time of the transaction a member deals in a quantity or at a price which in the Director: Market Regulation opinion is unreasonable.		
87	Rule 1.40	0.5
Define "pre-issued trading"		
Transactions effected in pre-issued securities in accordance with the rules.		
88	Rule 1.40	2
Define "pre-issued securities"		
Entitlements to equity securities the listing of which on the JSE has been approved but where the listing becomes effective only after a number of conditions have been fulfilled on or before the commencement date of official trading.		

Question	Reference	Marks
89	Rule 6.60.2	1
<p>On what terms and conditions will settlement be made in transactions effected during the period of pre-issued trading if the listing is approved?</p> <p>On the same terms as all other transactions in equity securities.</p>		
90	Rule 6.60.3	1.5
<p>What are the consequences if a listing of pre-issued securities does not commence on the intended commencement date of official trading?</p> <p>Every transaction effected during the period of pre-issued trading will be null and void "ab initio" and neither the member nor a client will have recourse against the JSE or a member, as the case may be.</p>		
91	Rule 6.60.1	0.5
<p>When may a member execute transactions in pre-issued securities?</p> <p>Only during the period permitted by the JSE.</p>		
92	Rule 1.40	0.5
<p>Define "foreign client"</p> <p>A client who does not reside in the Republic.</p>		
93	Rule 1.40	3
<p>Define "foreign investment"</p> <p>"Foreign investment" means the following JSE authorised investments:</p> <ol style="list-style-type: none"> 1. securities listed on an external exchange; 2. units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes in terms of section 65 of the Collective Investment Schemes Control Act, 2002; 3. units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; and 4. foreign funds intended for the purchase of such securities/units or participation. 		
94	Rule 1.40	1.5
<p>Define "money broking transactions"</p> <p>Funds accepted by a member from a client and invested by the member in the money market with one or more banks, in terms of the rules, and subject to any conditions published by the Registrar of Banks.</p>		
95	Rule 8.10.1	3
<p>What are the general standards of integrity which members are required to observe in their dealings with clients and the JSE?</p> <p>A member must:</p> <ol style="list-style-type: none"> 1. not knowingly circulate information which is false or misleading; 2. not knowingly countenance any attempt to manipulate the market, nor to influence persons for such a purpose; 3. conduct its activities in a manner that is compatible with the objects of the Act and with full respect for the reputation of the JSE; and 4. not participate in any dealings with other members, clients, the media or other persons which may be of such a nature as to defame the JSE or any of its officers or employees. 		

Question	Reference	Marks
96	Rule 8.10.2	3
What are the general standards of conduct which a member is required to observe in its dealings with a client?		
<ol style="list-style-type: none"> 1. Act honestly and fairly; 2. Act with due skill, care and diligence, and in the interests of clients; 3. Exercise independent professional judgement; 4. Act promptly on and in accordance with the instructions of a client, and exercise any discretion in a responsible manner; and 5. Avoid conflicts of interest and when they cannot be avoided, ensure fair treatment to clients by disclosure, confidentiality or declining to act. A member must not unfairly place its interests above those of its clients. 		
97	Rule 8.10.3	5
What are the general standards regarding disclosure of information to clients?		
<ol style="list-style-type: none"> 1. The information must be: <ol style="list-style-type: none"> (a) factually correct; (b) provided in plain language, avoid uncertainty or confusion and not be misleading; (c) adequate and appropriate, in the circumstances of the particular service, taking into account the factually established or reasonably assumed level of knowledge of the client. 2. Amounts, sums, values, fees must be stated in specific monetary terms or if not pre-determinable, the basis of calculation must be adequately described. 3. The information need not be repeated to the same client unless any material or significant changes occur. 4. Full and accurate information about fees and charges must be disclosed. 5. Confidential information must not be disclosed. 6. Restrictions or limitations that may affect access to their assets must be disclosed. 		
98	Rule 8.10.4.2	4
What client records must be retained by a member?		
<ol style="list-style-type: none"> 1. All communications relating to a service rendered to a client, including instructions given by the client to the member. 2. All transaction documentation relating to clients. 3. All contractual arrangements between the member and its clients, including mandates prescribed by the rules; and 4. All client particulars required to be provided in terms of the rules or which are necessary for the effective operation of client accounts. 		
99	Rule 8.10.4.5	2
For what period must the client records prescribed by the rules be retained?		
<ol style="list-style-type: none"> 1. All instructions given by clients to execute transactions must be kept for at least six months after the date of the transaction. 2. All other client records prescribed by the rules must be kept for at least five years after rendering of the services. 		
100	Rule 8.10.6	0.5
Can a member request or induce a client to waive any right or benefit conferred on a client in terms of the rules or accept any such waiver from a client?		
No, and any such waiver is void.		

Question	Reference	Marks
101	Rule 8.10.7	2
<p>What are the general standards of conduct which a member is required to observe regarding co-operation with the JSE as its regulator?</p> <ol style="list-style-type: none"> 1. Deal with the JSE in an open and co-operative manner; and 2. Keep the JSE promptly informed of anything concerning the JSE which might reasonably be expected to be disclosed to it. 		
102	Rule 8.60.1	1.5
<p>What information must a member obtain and maintain for each client account?</p> <p>Sufficient information to enable it to identify:</p> <ol style="list-style-type: none"> 1. The client. 2. The account holder of a controlled client account if the account holder is not a client of the member but is a person on whose behalf a client is acting as agent. 3. The person or persons responsible for placing instructions on the account. 		
103	Rule 8.60.2 & 3	2.5
<p>What is the minimum information that a member must obtain in respect of each client?</p> <ol style="list-style-type: none"> 1. Full name. 2. Identity number or registration number. 3. Physical and postal addresses. 4. Telephone number. 5. Legal status. 		
104	Rule 8.60.2	1
<p>What is the minimum information that a member must obtain in respect of the beneficial owner of each controlled client account if the account holder is not a client but a person on whose behalf a client is acting as an agent?</p> <ol style="list-style-type: none"> 1. Full name. 2. Identity number or registration number. 		
105	Rule 8.60.3	1
<p>Is a member permitted to open a client account with a name other than that of a person with legal status?</p> <p>No. Accounts may not be opened with fictitious names or names that do not represent a person with legal status, commonly referred to as trading account names.</p>		
106	Rule 8.60.4	2
<p>Unless the client is a bank or a financial services provider or the foreign regulated equivalent of such entities, what information must be obtained in respect of the persons responsible for placing instruction on a client account if the person placing the instructions is not the individual in whose name the account is held or the account is not in the name of an individual?</p> <ol style="list-style-type: none"> 1. Full name. 2. Identity number. 3. Physical and postal addresses. 4. Telephone number. 		

Question	Reference	Marks
107	Rule 8.60.5 & 6	3
Other than obtaining the information, what are the other requirements regarding the prescribed information to be obtained from clients?		
<ol style="list-style-type: none"> All of the information must be confirmed by the client in writing and the member must maintain a record of such confirmation. As a minimum, the identity of the client must be authenticated by the member and the member must maintain a record of the means of such authentication. 		
108	Rule 8.60.3.3	3.5
What are the various types of account holder which a member is required to identify?		
<ol 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 collective invest. Government agency Public utility Religious, educational or welfare organisations. 		
109	8.100.1/2/3	3
What are the rules relating to members commission and fees in transactions in JSE authorized investments?		
<ol style="list-style-type: none"> Prearranged mutually agreed <ol style="list-style-type: none"> commission maybe charged in respect of agency transactions fee maybe charged in respect of principal transaction. A member may not make a profit in an agency transaction other than the commission. An ISP may charge a client a negotiated fee either: <ol style="list-style-type: none"> related to performance or; as a percentage of the assets managed or; <ol style="list-style-type: none"> any other basis agreeable to the client. 		
110	Rule 8.100.4	1.5
What must a member disclose in advance to a client in relation to interest on client funds deposited in JSET?		
<ol style="list-style-type: none"> The rate at which such fee or charge will be determined. The manner of calculation of such fee. The actual fee or charge so deducted. 		
111	Rule 8.110.1	0.5
By what time is a member required to:		
<ol style="list-style-type: none"> issue a client a contract note; <ul style="list-style-type: none"> or transmit to a client, via electronic means acceptable to the JSE, a confirmation of a transaction? 		
By 12h00 on the day following the transaction.		

Question	Reference	Marks
112	Rule 8.110.2	3
What shall a contract note or electronic confirmation of a transaction in equity securities contain?		
<ol style="list-style-type: none"> 1. The date and time of the transaction. 2. The identification number of the transaction. 3. The amount and nature of the member's charges in connection with the transaction. 4. The price at which the transaction was executed and the total consideration due from or to a client. 5. The settlement date of the transaction. 6. Whether the member acted as an agent or as a principal in the transaction. 		
113	Rule 8.110.3/4/5/6	5
What is a specifically designated suspense account and what are the provisions regarding the use of such accounts in relation to the issuing of contract notes with average prices?		
<ol style="list-style-type: none"> 1. It is an account to which a member may, with the prior consent of a client, initially book transactions. 2. It may be opened either: <ol style="list-style-type: none"> (a) in the name of the client; or (b) in the name of an agent appointed by the client to transact on his behalf. 3. Transactions in the same security on the same day may be allocated from the suspense account to the accounts of the underlying beneficiaries at an average price based on the instruction of the client or agent. 4. Contract notes or confirmations must disclose that the transactions are at an average price. 5. The member must notify the client or agent that the prices and times of each transaction are available from the member on request. 		
114	Rule 8.140	6
What must the written arrangement between a member and a controlled client contain regarding instructions relating to corporate actions?		
<ol style="list-style-type: none"> 1. Whether the client wishes to receive all company reports, proxy forms, notices, circulars, listing particulars and any other issuer communications in respect of equity securities of which such client is a beneficial owner. 2. Whether the member is entitled and obliged to utilise its discretion in electing particular options in respect of all or certain corporate action events which require such an election to be made. 3. Whether the member may utilise its discretion in exercising voting rights on behalf of the client. 4. The means of communication between the member and the client if the member is not granted discretion to act. This will apply to the communication of the relevant issues to the client by the member as well as the client's response thereto. 5. The date and time by which the client is required to make an election, if applicable and 6. The option which the member may elect if the client fails to advise the member of their election before the relevant deadline. 		
115	Rule 8.150.1	0.5
What must a member do before conducting money broking transactions for clients?		
Obtain specific authorisation from the JSE to do so.		
116	Rule 8.150.2	1
Before accepting funds from a client for money broking transactions, what is a member required to obtain from the client?		
A written mandate incorporating the conditions published by the registrar of banks or the JSE, subject to the type of money broking transactions to be conducted.		

Question	Reference	Marks
117	Rule 8.150.4	2
<p>What are the two types of bank accounts that a member may open to conduct money broking transactions on behalf of a client?</p>		
<p>1. An account with a bank in the name of the member where clients' funds are pooled and the member forwards statements to the client. or 2. An account in the name of the client with the bank forwarding account statements directly to the client.</p>		
118	Rule 8.150.5	1
<p>If a member conducts money broking transactions via a pooled account in the name of the member, which regulation, other than the JSE rules, is the member required to comply with in conducting such transactions?</p>		
<p>The conditions published by the Registrar of Banks under paragraph (gg) of the definition of "the business of a bank" in the Banks Act.</p>		
119	Rule 8.150.8	1
<p>If a member accepts funds from a client pursuant to a money broking transaction and the funds have not been deposited with a bank on the day of receipt, what is a member required to do?</p>		
<p>Deposit the funds with JSET for same day value pending the deposit of the funds with the relevant bank.</p>		
120	Rule 8.170	1.5
<p>What is the maximum amount of cash (coin and paper money) a member may receive or accept from any person in a single deposit?</p>		
<p>1. R5 000. 2. A member shall not receive or accept two or more cash amounts exceeding R5000.00 in total with the purpose of avoiding compliance with this Rule.</p>		
121	Rule 8.180.2	3
<p>At what intervals must a member provide statements to its clients?</p>		
<p>1. At regular intervals which may not exceed 3 months unless the clients agree in writing not to receive statements because they are able to access the information through electronic means such as the internet. 2. Monthly if the client's portfolio managed by a member includes any transactions or positions in derivative instruments. 3. At such intervals of less than 3 months as the client requests, although the member is not obliged to provide statements more frequently than monthly. or 4. at such intervals as may be agreed between the member and a professional client.</p>		

Question	Reference	Marks
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122	Rule 8.180.4	5
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List 5 items of information which a client's statement must contain?

1. The quantity, description and market value of each investment comprising the portfolio held by the member or for which the member is accountable to the client, at the reporting date;
2. The amount of funds held by the member or which have been invested by the member on behalf of the client and for which the member is accountable to the client, at the reporting date;
3. If any of the JSE authorised investments are reflected in a foreign currency, the relevant currency exchange rate at the reporting date must also be reflected;
4. JSE authorised investments purchased or sold during the reporting period.
5. Receipts and payments of funds during the reporting period;
6. Details of income earned and expenditure incurred during the reporting period;
7. Non-cash transactions during the reporting period, including non-cash components of corporate actions and option expiries;
8. JSE authorised investments transferred into and out of the portfolio during the reporting period;
9. Identification of those JSE authorised investments which at the reporting date were loaned to any third party but for which the member is still accountable to the client;
10. The quantity, description and market value of any financial products, or the amount of funds, held as collateral by the member on behalf of the client in respect of any loans made by the client;
11. Identification of those JSE authorised investments which at the reporting date were utilised to secure loans to the client or borrowings made on behalf of the client;
12. Identification of those JSE authorized investments which at the reporting date were utilized as margin in respect of open positions in any financial product;
13. In respect of investments in derivative instruments, a description of the underlying financial product, index, commodity or thing, the expiry month and the exercise or strike price;
14. If the statement reflects any JSE authorized investments which are not held by the member and for which the member is not accountable to the client, it should clearly indicate that fact in relation to such JSE authorized investments.

123	Directive BD 1.1	0.5
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What is a member required to do to enable the JSE, through the facility of the BDA system to effect transfers of funds between the member's business account and the member's trust account or JSE trustees?

Grant the bank, at which it maintains its trust account, authority in a form prescribed by the committee.

124	Directive BD 1.3 & 1.4	2
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What are the only circumstances in which a member is permitted, with the prior written concurrence of the Director: Market Regulation, to instruct their bank to amend any transfer of funds by the JSE through the facility of the BDA system between the member's business account and trust account or JSE trustees?

1. Where the member is aware that the transfer will result in insufficient funds being held in the member's trust account or JSET.
2. Where the member is of the opinion that the transfer will result in the amount to be held in the member's trust account or JSET being materially in excess of what it should be. In both cases the prior written concurrence of the Director: Market Regulation is required.

125	Directive BD 2.1 & 2.2	0.5
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What is the consequence of a member not having sufficient funds or facilities available to effect transfers from its current account to a trust bank account in accordance with the requirement to segregate client funds?

The JSE may declare the member to be in default.

Question	Reference	Marks
126	Directive BI 1.1	1
Under what circumstances are sundry client accounts permitted to be used?		
By prior arrangement with the Director: Market Regulation in respect of new issues or similar instances or to maintain the balance in securities held on behalf of clients where securities have been delisted or suspended.		
127	Directive BI 1.2	1.5
What records are required to be kept as support for all sundry accounts?		
Appropriate records identifying the clients on whose accounts the transactions have been executed or on whose behalf the securities are held.		
128	Directive BI 2.2	0.5
By when must all purchases and sales executed with or on behalf of clients be allocated to the client?		
By the close of business on the date of the transaction.		
129	Directive BI 2.3	1
What is a member required to demonstrate if it allocates transactions to interested parties from suspense accounts?		
That no client is prejudiced as a result of the use of a suspense account.		
130	Directive BI 2.4	3
What controls are required to be implemented to prevent prejudice to clients when utilising suspense accounts?		
<ol style="list-style-type: none"> 1. Use of separate suspense accounts for interested parties, e.g. employee suspense; 2. Use of separate suspense accounts dedicated to specified clients; 3. Use of separate suspense accounts where the trading instruction and allocation vests with one person, such as a portfolio manager; <p style="margin-left: 20px;">and</p> <ol style="list-style-type: none"> 4. adequate segregation of duties, ensuring that an employee on whose behalf the member operates a full discretionary managed account has no influence over either the trading instruction or the allocation instruction. 		
131	Directive BI 2.5	1
Who is considered to be an interested party in relation to the use of suspense accounts?		
A member or employee of the member who has a direct or indirect beneficial interest in a trade.		
132	Directive BI 2.7	0.5
Is a member permitted to realise a profit or loss in a suspense account?		
No.		
133	Directive BI 2.8	1.5
What is a member required to issue to clients in respect of each day's transactions and what date shall it reflect?		
<ol style="list-style-type: none"> 1. Separate contract notes in a particular security for a particular client whether or not such deals have been booked through a suspense account. 2. The actual date on which the deal was originally effected. 		

Question	Reference	Marks
134	Directive BI 3.1	1
What is the sole purpose of a misdeals account?		
It is an account in which all error transactions and missed deals shall be recorded.		
135	Directive BI 3.2	0.5
In what manner are members obliged to close out positions on misdeals accounts?		
Only through the JSE equities trading system.		
136	Directive BI 3.3	2
How are transactions placed into a client account resulting from a missed deal required to be booked and why?		
Via the on-line backdating facility in the BDA system using the code MD to ensure that the contract note reflects that the member traded as a principal with the client.		
137	Directive BI 3.4.1	0.5
What are the only purposes for which misdeals accounts are permitted to be used?		
Correcting error transactions and missed deals.		
138	Directive BI 3.4.2	1
What is the main objective in ensuring that transactions recorded in misdeals accounts are appropriately controlled?		
That any potential prejudice to clients affected by such transactions is avoided.		
139	Directive BI 4	0.5
Does a separate arbitrage account/s need to be maintained?		
Yes.		

Question	Reference	Marks
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140	Directive BI 5	5
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In order to distinguish between client's position in suspense account and various stock accounts and to identify the nature of certain accounts, account type codes and account identification codes must be loaded on various accounts. What are the type codes and identification codes of the following accounts?

	Account type code	Account ID
Overseas agent - member has no financial interest.	A or C	FNI
Overseas agent - member has a financial interest.	A or C	FMI
Stock accounts of member's principals in their client's ledger.	C	SBP
Client's agency allocation/suspense account.	DA	CAS
Client's deal adjustment Accounts.	DA	CDA
Stock accounts – arbitrage.	S or C	ARB
Stock accounts – investment.	S or C	INV
Stock accounts – jobbing.	S or C	JOB
Stock accounts – misdeals.	S or C	MIS
Stock accounts – suspense.	S or C	SUS

141	Directive BI 7.1.1	2
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What client information must a member ensure is loaded on the client maintenance (CLMNT) screen on the BDA system?

1. The full name.
2. Address.
3. Telephone number.
4. Identification or registration number of the account holder.

142	Directive BI 7.1.2	2
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What information must be loaded on either the client maintenance (CLMNT) screen or the account relationship (ARMNT) screen on the BDA system using the REL code if the person placing the instructions on a client account is not the individual in whose name the account is held or the account is not in the name of an individual, unless the client is a bank, or a financial services provider, or the regulated foreign equivalent of such entities?

1. The full name.
2. Address.
3. Telephone number.
4. Identification or registration number of such person.

143	Directive BI 7.1.3	1
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If an accountholder is not an individual, what information must be loaded in the Institution Code field of the Client Maintenance screen on the BDA system?

The legal status of the client as referred to in the rules.

Question	Reference	Marks
144	Directive BI 7.1.4	1
<p>On which client accounts must a staff indicator be loaded in the relevant field on the client maintenance screen on the BDA system?</p> <p>All accounts in which an employee of a member has a beneficial interest or on which they place instructions.</p>		
145	Directive BK 1	1
<p>What steps is a member required to take prior to loading a controlled client account as a non – resident?</p> <ol style="list-style-type: none"> 1. Obtain documentation confirming that the client is in fact a non-resident. 2. Maintain a record of such verification. 		
146	Directive BK 2	1.5
<p>How is a CSP required to ensure that securities received from a non-resident controlled client are in fact non-resident securities?</p> <p>By verifying that the securities have been transferred from another non-resident account operated by</p> <ol style="list-style-type: none"> 1. another member; 2. a CSDP; or 3. a financial services provider; and retaining a record of such verification. 		
147	Directive BK 3	0.5
<p>Under what circumstances is a CSP permitted to transfer uncertificated securities within a nominee register from a resident controlled client account to a non-resident controlled client account?</p> <p>Under no circumstances.</p>		
148	Directive BK 4 & 5	3
<p>What procedures are required to be followed by a CSP when submitting certificates for dematerialisation to ensure that certificates submitted on behalf of a non-resident client reflect a non-resident endorsement?</p> <ol style="list-style-type: none"> 1. The certificates held on behalf of non- resident clients reflecting non-resident endorsement must be submitted in separate batches from certificates held on behalf of residents which are not endorsed. 2. The covering document submitted with those batches must clearly indicate that the certificates are held on behalf of non-resident clients to enable the CSD participant to confirm by their signature on the covering document that all of the certificates in those batches are endorsed non – resident. 		
149	Directive BK 7	0.5
<p>Can a CSP submit certificates held on behalf of a non-resident controlled client for dematerialisation if they do not reflect a non-resident endorsement?</p> <p>No.</p>		
150	Directive BK 8 & 9	2
<p>If a CSP wishes to dematerialise a certificate held on behalf of a non-resident and the certificate is not endorsed non-resident, what is the CSP required to do prior to submitting the certificate for dematerialisation?</p> <p>Either:</p> <ol style="list-style-type: none"> 1. Obtain an endorsement; or 2. Where the client is identified as not, in fact being a non-resident and the Exchange Control Indicator on the CLMNT screen on BDA is incorrect, transfer the shares to a resident account in the name of the client 		

Question	Reference	Marks
151	Directive BL.1	1
What are "inward listed securities"?		
Foreign shares issued by foreign companies Which have been listed on the JSE in terms of the SARB exchange control regulations.		
152	Directive BL 2	1
May an emigrant client transact in inward listed shares on his block rand account		
No		
153		
Reserved		
154		
Reserved		
155		
Reserved		
156		
Reserved		
157		
Reserved		
158	FMA Section 18	0.5
If a member wishes to repledge listed securities which have been pledged by a client, what information do they need to obtain from the client?		
The written consent of the client.		
159	Directive BR 2	4
What is a member which pledges or retains in pledge any JSE authorised investments required to do on the day of such pledge?		
A member which pledges or retains any JSE authorised investments shall-		
<ol style="list-style-type: none"> 1. Ensure that the quantities, certificate numbers (where applicable) and securities codes of all deposits and withdrawals of JSE authorised investments are recorded into the BDA system; 2. Ensure that all cash receipts from clients for banking on that day are processed; 3. Furnish the bank with a provisional computer report (PBNKBP) daily when JSE authorised investments are pledged detailing the investments pledged and whether or not such investments are available for pledge at that time. 		

Question	Reference	Marks
160	Directive BR 2.2	2
<p>What is a member which pledges or retains in pledge any JSE authorised investment required to do on each day such investments remain in pledge?</p> <p>The member shall, at the commencement of business on the following business day, furnish the bank with the final computer report (PBNKPL) produced in the overnight run which will report updated values, and details of JSE authorised investments which should not have been pledged. The bank shall be provided with explanations for these items.</p>		
161	Directive BR 2.3	1
<p>What must a member ensure with its bankers regarding the pledging of JSE authorised securities?</p> <p>That the arrangements clearly specify that only items appearing on the final report (PBNKPL) as available for pledge will be legally enforceable as having been pledged.</p>		
162	Rule 1.40	0.5
<p>Define "client assets"</p> <p>JSE authorised investments safeguarded by a member on behalf of clients.</p>		
163	Rule 1.40	0.5
<p>Define "CSP"</p> <p>A custody services provider.</p>		
164	Rule 1.40	2
<p>Define "controlled client custody account"</p> <p>An equity securities account with a CSDP in the name of a member's nominee company which reflects the uncertificated equity securities balances of the member's controlled clients and through which settlement of transactions in equity securities for such controlled clients is effected.</p>		
165	Rule 1.40	2.5
<p>Define "custody services"</p> <p>The services provided by a custody services provider on behalf of its clients or another member and that member's clients, in relation to the exercising of control over uncertificated equity securities and funds intended for the purchase of equity securities, held by a member on behalf of controlled clients.</p>		
166	Rule 1.40	1
<p>Define "custody services provider"</p> <p>A member which has been authorised by the JSE to perform custody services in terms of the rules.</p>		
167	Rule 1.40	1
<p>Define "financial products"</p> <p>Has the same meaning as that contained in section 1 of the FAIS Act, and by definition includes JSE authorised investments.</p>		

Question	Reference	Marks
168	Rule 1.40	4.5
Define "JSE authorised investments"		
<ol style="list-style-type: none"> 1. equity securities; 2. JSE listed securities traded on the JSE derivatives trading system or the Yield-X trading system; 3. securities listed on an exchange in the republic other than the JSE; 4. securities listed on an external exchange; 5. 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; 6. units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; and 7. funds intended for the purchase of such securities, units or participation. 		
169	Rule 1.40	1
Define "nominee register"		
The electronic record of ownership of uncertificated equity securities balances of controlled accounts maintained by a CSP.		
170	Rule 1.40	2
Define "safeguarding"		
Safeguard in relation to an authorised user and its client assets, means:		
<ol style="list-style-type: none"> 1. for the purposes of holding securities or funds in custody on behalf of another person; or 2. where the authorised user is accountable to another person for a third party's holding of securities of funds in custody on behalf of that other person and includes the administration of matters incidental to those securities or funds. 		
171	Rule 9.10.1	0.5
A member may accept from or hold uncertificated equity securities or funds intended for the purchase of equity securities for a client for safekeeping. Who must control such assets?		
An authorised CSP.		
172	Rule 9.10.2/3	1.5
Before accepting equity securities and funds from a controlled client for custody, what is a member required to obtain from a client and where must it be recorded?		
<ol style="list-style-type: none"> 1. The arrangements must be recorded in a written mandate incorporating the minimum requirements as prescribed by the JSE. 2. Electronic acceptance or signed Acceptance of the mandate by the client. 3. Member must keep a custody mandate register. 		

Question	Reference	Marks
173	Rule 9.10.4 & 5	3
<p>What is a CSP required to do regarding the safeguarding of controlled clients' equity securities?</p> <ol style="list-style-type: none"> 1. Keep a nominee register, in terms of criteria prescribed by directive, of the controlled client equity securities that are being held from time to time. Full details of any change must be recorded forthwith in the nominee register. 2. Pre-validate equity securities in terms of generally accepted market practice. 3. Dematerialise equity securities that are eligible to be dematerialised in terms of the processes required by the member's CSDP. 4. The necessary details of all equity securities of a controlled client must be recorded and stored in a nominee register in the BDA system in a manner which will render it possible at any time thereafter to establish readily the identity of the person entitled to the ownership of those equity securities must be held in a controlled client custody account with a CSDP. 		
174	Rule 9.10.4	0.5
<p>When is dematerialisation of equity securities complete?</p> <p>When notification has been received by the member's CSDP that the equity securities are available for electronic settlement.</p>		
175	Rule 9.10.7	3
<p>A CSP that controls a nominee register must balance the equity securities with the controlled client securities custody account at the CSDP on a daily basis. What must be confirmed in the monthly certificate to be furnished to the Director: Market Regulation on the third business day after BDA month end?</p> <p>That:</p> <ol style="list-style-type: none"> 1. The equities securities balances in the nominee register have been agreed with the CSDP controlled client custody account balances or, if there are differences, explaining the reasons for such differences; and 2. The equities securities balances in the nominee register have been reconciled daily with the CSDP controlled client custody account balances and that all the differences occurring during the month were either rectified within one day, or if circumstances beyond the control of the CSP prevented any differences from being rectified within one day, those differences were rectified as soon as was reasonably possible; and 3. No circumstances have arisen that have resulted in the improper use of controlled client's equity securities. 		
176	Rule 9.10.8	1.5
<p>What is a CSP required to do when it receives certificated equity securities from a controlled client?</p> <p>Forthwith issue a dated and signed receipt recording the:</p> <ol style="list-style-type: none"> 1. Name. 2. Quantity. 3. Certificate number. 4. Registered holder of the equity security. 		
177	Rule 9.10.9	1.5
<p>What is a member required to do if equity securities belonging to a controlled client are held as collateral in respect of a loan of funds or securities?</p> <p>An entry by a CSP in the pledgor's account in the BDA system specifying-</p> <ol style="list-style-type: none"> 1. The name of the pledgee 2. The quantity of equity securities pledged, and 3. The date of the entry 		

Question	Reference	Marks
178	Rule 9.10. 11	2
What are the 2 rules which cater for the safeguarding of controlled clients' funds?		
<ol style="list-style-type: none"> 1. Funds received in respect of or arising from the operation of an account for a controlled client which are not paid over to the client upon receipt of such funds, must be deposited for the account and in the name of the client with JSET. 2. The difference between the total of the funds balances on all controlled client accounts in the books of account of the member as at the close of business on preceding business day and the total amount held by JSET on behalf of the clients of such member as at the same date must be paid to or received from JSET forthwith. 		
179	Rule 9.20.2 & 4	1.5
Before accepting certificated equity securities from a client for safekeeping, what is a member required to obtain from a client and where must it be recorded?		
<ol style="list-style-type: none"> 1. The arrangements must be recorded in a written mandate containing the minimum requirements as prescribed by the JSE. 2. Electronic acceptance or signed acceptance of the client. 3. A member must keep a safe custody mandate register. 		
180	Rule 9.20.6/7/8/10 & 11	4
Itemise 4 control procedures in the rules relating to the safeguarding of clients' certificated securities.		
<ol style="list-style-type: none"> 1. The certificates must be marked with the necessary details recorded and stored in BDA to readily establish the identity of the owner. 2. They must be protected from unauthorised access and misappropriation. 3. No transfer deed may be attached until such securities are prepared for disposal or delivery. 4. Name of issuer and number of shares must be inserted on the transfer deed before the registered owner signs for it. 5. No blank signed transfer deeds may be retained. 6. JSE must be satisfied that adequate insurance cover is held by the member. 7. A signed receipt recording the name of the securities, number of securities, and certificate number must be issued forthwith on receipt of the securities. 		
181	Rule 9.30.2	1.5
Before accepting clients' assets other than equity securities for safekeeping or assuming the responsibility for accounting to a client, what is a member required to obtain from a client?		
<ol style="list-style-type: none"> 1. The arrangements must be recorded in a written mandate containing the minimum requirements as prescribed by the JSE. 2. Electronic acceptance or signed acceptance of the client. 		

Question	Reference	Marks
182	Rule 9.30.3 & 5	6
<p>What are the requirements with which a member, who is responsible for clients' assets other than equity securities, must comply?</p> <ol style="list-style-type: none"> 1. The relevant assets must be segregated from the member's own assets at all times. If the assets are held in an account maintained by another financial services provider, including a foreign financial services provider, the account shall either be opened in the client's own name or, if the member opens a single account in respect of transactions executed on behalf of more than one client, the member shall procure that the account is clearly designated in the records of the relevant financial services provider as being an account utilised for investments made by the member on behalf of its clients. 2. A member must maintain proper accounting records in respect of all such assets purchased, sold or held on behalf of clients. These records must be updated forthwith in respect of any transactions in respect of such assets and must clearly identify the owners of all such assets at all times. and 3. A member must balance its clients' holdings in such assets, as reflected in the member's records, with the accounts maintained by the other financial services providers who hold such assets, on monthly basis. Any differences identified between the respective records must be rectified forthwith. 4. A member who is responsible for safeguarding client assets other than equity securities must implement and maintain an effective system of internal controls to protect such assets and prevent unauthorized access thereto. 		
183	Rule 9.30.4&9.40	1
<p>What is a member required to do with funds held on behalf of a client intended for the purchase of JSE authorised securities other than equity securities or, held by a member from time to time relating to regulated services (i.e. margins and cash collateral)?</p> <p>Deposit the funds which have not been remitted in JSET for the account of the client for value on the date of receipt of such funds.</p>		
184	Rule 9.50.4	0.5
<p>Clients funds may not be deposited in JSET for the sole purpose of earning interest. True or False?</p> <p>True</p>		
185	Rule 9.40.1/9.40.3	3
<p>What other client funds may a member hold?</p> <ol style="list-style-type: none"> 1. Client funds which relate to the regulated services provided by the member but which are not intended for the purchase of JSE authorised investments or are not required to be utilised at the time to meet an obligation of the client to the member which the member in turn owes to a third party. 2. For illustrative purposes, this includes margin or cash collateral obtained by a member from a client in excess of the margin or collateral which the member is required to provide to a third party in relation to transactions or loans in JSE authorised investments executed on behalf of the client. 		
186	Rule 9.60.3 FMA 21	1
<p>What must a member do to ensure that any funds received by the member from a client are segregated from the member's own funds from the time that such funds are deposited?</p> <p>A member must open and maintain one or more trust bank accounts as prescribed in section 21 of the Act.</p>		

Question	Reference	Marks
187	Rule 9.70	0.5
May a member borrow or lend any client assets?		
No		
188	Rule 9.80	1
What are members required to do regarding Exchange Control Regulations.		
Ensure that in all its dealings with funds or equity securities belonging to controlled clients, it adheres to the Exchange Control Regulations as determined by the South African Reserve Bank and complies with any directives regarding the operation of non-resident client accounts.		
189	Rule 1.40	0.5
Define "business day" or "day"		
Means any day except Saturday, Sunday, public holiday or any other day on which the JSE is closed.		
190	Rule 1.40	1.5
Define "central order book"		
The order book of the JSE equities trading system in which automated and auction trades occur.		
191	Act Sec 1	0.5
Define "central securities depository"		
Means a person who constitutes, maintains and provides an infrastructure for holding uncertificated securities which enables the making of entries in respect of uncertificated securities, and which infrastructure includes a securities settlement system		
192	Rule 1.40	0.5
Define "certificated equity securities"		
Equity securities evidenced by a certificate.		
193	Rule 1.40	2
Define "contract note"		
Notes issued in respect of trades executed on the JSE equities trading system by a member on any particular day:		
<ol style="list-style-type: none"> 1. on behalf of a client, a confirmation from the member to the client in respect of such trades; and 2. on behalf of a member's proprietary account, the aggregate trades executed on such account. 		
194	Rule 1.40	1.5
Define "controlled client account"		
An account reflecting the equity securities and funds of a controlled client		
195	Rule 1.40	2
Define "controlled client"		

Question	Reference	Marks
196	Rule 1.40	1
Define "CSDP"		
A central securities depository participant that has been accepted by a central securities depository as a participant in that central securities depository.		
197	Rule 1.40	0.5
Define "dematerialisation"		
The process of converting a certificated equity security into an uncertificated equity security.		
198	Rule 1.40	1
Define "equity securities"		
Those JSE listed securities traded on the JSE equities trading system.		
199	Rule 1.40	2.5
Define "failed trade"		
A transaction in equity securities which the Settlement Authority deems to be a failed trade on the basis that neither the client, the member nor Settlement Authority is able to ensure that the transaction will settle on the settlement date or any revised settlement date.		
200	Rule 1.40	1
Define "funds settlement account"		
A funds account with a CSDP in the name of a member used exclusively for the settlement of funds relating to transaction in equity securities.		
201	Rule 1.40	1
Define "JSE settlement system"		
The computer system or systems and associated network or networks operated or used by the JSE for the purpose of settling transactions in equity securities.		
202	Rule 1.40	1.5
Define "margin"		
A payment made or guarantee provided by a member to the JSE to assure settlement of transactions in equity securities by that member or its clients.		
203	Rule 1.40	1.5
Define "non-controlled client"		
A client or an account holder on whose behalf a client is acting, who has appointed his own CSDP to settle transactions in equity securities on his behalf.		

Question	Reference	Marks
204	Rule 1.40	2
Define "ring-fencing"		
<p>The process in terms of which linked deliveries and receipts which emanate from off book trades are separated and distinguished from deliveries and receipts which emanate from transactions in the central order book of the JSE equities trading system.</p>		
205	Act Sec 1	9
Define "securities"		
<p>(a) means listed and unlisted-</p> <ol style="list-style-type: none"> (1) shares, depositary receipts and other equivalent equities in public companies, other than shares in a share block company as defined in the Share Blocks Control Act, 1980 (Act no. 59 of 1980); (2) notes; (3) derivative instruments; (4) debentures and bonds issued by public companies, public state-owned enterprises, the SARB and the Government of the RSA; (5) 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; (6) instruments based on an index <p>(b) units or any other form of participation in a collective investment scheme licensed or registered in a foreign country;</p> <p>(c) the securities contemplated in paragraphs (a)(1) to (6) and (b) that are listed on an external exchange; and</p> <p>(d) an instrument similar to one or more of the securities contemplated in subparagraphs (a) to (c) prescribed by the registrar to be a security for the purposes of this Act;</p> <p>(e) rights in the securities referred to in paragraphs (a) to (d) but excludes -</p> <ol style="list-style-type: none"> (1) money market instruments except for the purpose of Chapter IV; (2) the share capital of the SARB referred to in Section 21 of the SARB Act, and (3) any security contemplated in paragraph (a) specified by the registrar. 		
206	Rule 1.40	1
Define "settlement agent"		
<p>A CSP or other member appointed by a member in terms of directive FI to assist the member in managing the settlement of transactions executed by the member on behalf of non-controlled clients.</p>		
207	Rule 1.40	1
Define "Settlement Authority"		
<p>The person or persons appointed by the JSE to manage the settlement of transactions in equity securities effected through the JSE equities trading system in terms of the rules and directives.</p>		
208	Rule 1.40	0.5
Define "settlement commitment"		
<p>An electronic undertaking by a CSDP to settle a transaction in equity securities.</p>		

Question	Reference	Marks
209	Rule 1.40	0.5
Define "settlement date"		
Settlement date means, in respect of a transaction in equity securities, the date on which the transaction is due to be settled.		
210	Rule 1.40	0.5
Define "Strate"		
Means Strate Limited, a public company licensed as a central securities depository in terms of the Act.		
211		
Reserved		
212	Rule 1.40	1
Define "terminating transaction"		
A purchase of equity securities which have not subsequently been sold or a sale of equity securities which have not subsequently been purchased.		
213	Act Sec 1	0.5
Define "transaction"		
Means a contract of purchase and sale of securities.		
214	Rule 1.40	1.5
Define "uncertificated equity securities"		
Equity securities that are not evidenced by a certificate and are transferable by book entry without a certificate.		
215	Rule 1.40	1
Define "uncommitted settlement"		
A settlement obligation for which a CSDP has not provided a settlement undertaking.		
216	Rule 10.20.1	0.5
Who must ensure settlement of all transactions in equity securities effected by a member through the central order book of the JSE settlement system?		
The member.		
217	Rule 10.20.2 and 3	2
Who must ensure settlement of all off book trades in equity securities entered into by a member as agent on behalf of a client or as principal with a client?		
The member or members unless the off book trades were concluded between clients and the member or members were instructed by the clients to report the transaction to the JSE equity trading system. In which case, a client will have no recourse against the member.		

Question	Reference	Marks
218	Rule 10.20.4	1
Against whom can a client take action in respect of a transaction in equity securities, effected by a member on the instruction of such client?		
Against the member and not against any other member or client of such member.		
219	Rule 10.20.5	0.5
Is a client bound by the settlement rules whether or not the member has made the client aware of the settlement obligation?		
Yes.		
220	Rule 10.30	8
What are the principles relating to the settlement of equity securities transactions?		
<ol style="list-style-type: none"> 1. contract note by contract note. 2. between the ultimate buyer and the ultimate seller. 3. on a rolling and contractual basis, whereby transactions become contractually due to be settled a prescribed number of days after the trade date, and 4. on a net basis per member and per equity security, whereby individual contract notes are consolidated and offset into net amounts of securities and funds for settlement. 		
In addition, where ring-fencing of off book trades occurs –		
<ol style="list-style-type: none"> 1. multiple settlement groups per equity security, per settlement date, per trade type will result; 2. a contract note per trade type will result, with each contract note settling in a settlement group per trade type; and 3. transactions which are ring-fenced may be linked to other transactions on the systems of Strate to indicate a settlement dependency. 		

Question	Reference	Marks
221	Rule 10.40	3
Itemise 6 powers of the Settlement Authority?		
<ol style="list-style-type: none"> 1. Manage the settlement of transactions in equity securities effected through the central order book of the JSE equity trading system and the risks associated with such settlement to ensure that the principles set out in rules 10.20 and 10.30 are adhered to. 2. manage settlement of transactions in equity securities reported to the JSE trading system where ring fencing has occurred, and the risks associated with such settlement. 3. in its sole discretion and in exceptional circumstances, roll the settlement of a transaction on the basis set out in rule 10.105. 4. in exceptional circumstances, extend the times referred to in rules 10.60 to 10.110. 5. monitor settlement obligations of members and their clients. 6. ensure that the settlement obligations of members are met on the settlement date. 7. monitor uncommitted settlements and take appropriate action in respect of such settlements. 8. take action when a settlement of a transaction in equity securities is unlikely to take place on settlement date. 9. buy and sell equity securities through the JSE equity trading system to meet any obligations arising from the management of the settlement process and the risks associated with such process. 10. borrow, as agent, on behalf of a member as undisclosed principal, equity securities from third parties to facilitate the management of the settlement process and the risks associated with such process. 11. levy fees, as prescribed by directive, on members for the loan of equity securities to members in order to facilitate the settlement process. 12. impose penalties, as prescribed by directive, on members for any action or omission by a member which is potentially disruptive and/or has the effect of disrupting the settlement process and the functions of the Settlement Authority. 13. instruct a member or client (via the member) to close a purchase or sale transaction on the basis set out in rule 10.110. 14. instruct a member or a client (via the member) to roll the settlement of a purchase or sale transaction on the basis set out in rule 10.105: 15. manage the settlement of off book trades where ring – fencing has occurred. 		

222	Directive ED	4
What information is required to be submitted to the Settlement Authority in writing prior to conducting a transaction in equity securities?		
<ol style="list-style-type: none"> 1. Member's SWIFT Bank Identifier Code (BIC). 2. Member's CSDP name. 3. Member's CSDP SWIFT BIC. 4. Member's Business Partner ID with STRATE. 5. Member's CSDP's Business Partner ID with STRATE. 6. Member's CSDP STRATE Securities Custody Account (SCA) number. 7. Custody account number at the member's CSDP (if authorised to operate controlled client accounts) 8. Proprietary custody account number at the member's CSDP. 9. Funds settlement account number at the member's CSDP (if not authorised to operate controlled client accounts). 10. Current account number at the member's CSDP. 11. if the member is authorised to operate controlled client accounts, either the funds settlement account number at the member's CSDP or both the controlled client funds settlement account number and the proprietary funds settlement account number at the member's CSDP, whichever is applicable; 12. Name and contact details of the member's settlement officer and his alternate. 		

Question	Reference	Marks
223	Rule 10.50.1	2.5
What is a client required to do prior to placing a sale order in Equity Securities?		
<ol style="list-style-type: none"> 1. In the case of a non-controlled client, ensure that the client has appointed a CSDP. 2. In respect of a sell order ensure that: <ol style="list-style-type: none"> (a) the equity securities to be sold are held in uncertificated form by the member's CSDP, in the case of a controlled client, or by the client's CSDP, in the case of a non-controlled client; or (b) a controlled client is able to evidence to a member that they own the equity securities to be sold in uncertificated form and that such securities will be available for settlement on settlement date; or (c) another transaction has been concluded which provides for an equivalent amount of equity securities being available for settlement on settlement date; or (d) a satisfactory borrowing arrangement is in place which provides for an equivalent amount of equity securities being available for settlement on settlement date; or (e) A corporate action provides for an equivalent amount of equity securities being available for settlement on settlement date; or (f) the equity securities to be sold will be transferred from a foreign register to the local register and such securities will be available for settlement on settlement date. 		
224	Directive EA	0.5
To the clearing of which transactions does directive EA apply?		
To the clearing of transactions in equity securities and the electronic settlement of such transactions through STRATE.		
225	Directive EB 1	1.5
What accounts are members required to open and maintain at its CSDP?		
<ol style="list-style-type: none"> 1. a controlled client custody account (if the member is authorised to operate controlled client accounts) 2. a proprietary custody account 3. Funds settlement account (if the member is not authorised to operate controlled client accounts) 4. if the member is authorised to operate controlled client accounts, either a single funds settlement account or both a controlled client funds settlement account and a proprietary funds settlement account 5. Current account 		
226	Directive EB 2	1
By which time are members required to ensure that the single funds settlement account or the controlled client funds settlement account, whichever is applicable, has been cleared to zero?		
By the day after settlement day for settlement day value.		
227	Directive EB 3	2
What are the only ways in which an entry may be effected in the funds settlement account?		
<ol style="list-style-type: none"> 1. By the BDA system. 2. The Settlement Authority or; 3. The member's CSDP for a loan of equity securities or funds to the member as part of the settlement process. 		
228	Directive EE 1	0.5
How often must a member monitor and reconcile its BDA account with the settlement authority?		
Daily.		

Question	Reference	Marks
229	Directive EE 2	1
<p>By what means must a member confirm with a non-controlled client's CSDP all account details of such client and that they have been verified and are correct?</p> <p>Through SWIFT format MT 598/007 and MT 598/008 messages.</p>		
230	Rule 10.60.1.1/.2/.4/.5	4
<p>By when must a transaction in equity securities be:</p> <ol style="list-style-type: none"> 1. Allocated to a client or a member's proprietary account. 2. Communicated to a client. 3. Committed to by the CSDP of the member or client. 4. Settled. <ol style="list-style-type: none"> 1. On trade date. 2. By no later than 12h00 on the business day after the original trade. 3. By no later than 12h00 on the 2nd business day after the trade date. 4. On the third business day after trade date. 		
231	Rule 10.60.1.3	1
<p>What is the consequence if a client does not notify the member by no later than 18H00 on the first business day after the trade date that the transaction is not accepted?</p> <p>The transaction will be deemed to have been accepted by the client.</p>		
232	Rule 10.60.1.4 and 10.60.2	2
<ol style="list-style-type: none"> 1. By what time must allocation corrections be made? AND 2. By what time must they be communicated to and accepted by the client? <ol style="list-style-type: none"> 1. Not after 18h00 on the first business day after the trade date. 2. In sufficient time to allow the CSDP of the client to commit by no later than 12h00 on the second business day after trade date. 		
233	Rule 10.60.3 & 4	5
<p>When does a transaction become a failed trade?</p> <ol style="list-style-type: none"> 1. If a CSDP of a member has not committed to settle by 10h00 on the third business day after trade date or the Settlement Authority has determined, by that time, that the member will not be able to settle or 2. If a member advises the Settlement Authority at any stage that the CSDP of the member will not be in a position to settle and the Settlement Authority is not able to procure that the settlement of the transaction will take place on settlement date or the Settlement Authority does not roll the settlement to a subsequent date. The transaction will be declared a failed trade by no later than 09h00 on the next business day. 		

Question	Reference	Marks
234	Rule 10.70	6.5
What are the settlement obligations of a non-controlled client?		
<ol style="list-style-type: none"> 1. Settle through the client's CSDP. 2. Give instructions to CSDP to settle by not later than 12h00 on the first business day after trade date. 3. If a correction of an allocation results in a new trade the client must give its CSDP the instruction to settle in sufficient time to enable the CSDP to commit to settle by 12h00 on the Second business day after trade date. 4. Ensure and procure that his CSDP has committed to settle by 15h00 on the second business day after the trade date. 5. If his CSDP has not committed to settle in terms of 4 above, ensure that his CSDP commits to settle by 16h00 on the Second business day after the trade date. Once the client's CSDP has committed to settle a transaction on behalf of a non-controlled client, the client may not instruct the CSDP to revoke its commitment to settle, unless the client receives an instruction to do so from the Settlement Authority. 		
235	Rule 10.110	11
How are failed trades handled?		
<ol style="list-style-type: none"> 1. The Settlement Authority will match a failed trade against an opposite transaction or transactions represented by one or more contract notes, being mindful of any apparent implications for the parties concerned. 2. The Settlement Authority will advise the non-failing member that its transaction has been selected in terms of rule 10.110.1.1 3. If the non-failing party is a client, the Settlement Authority will transfer the original transaction of the non-failing party to a proprietary account of the non-failing member 4. The Settlement Authority will book an opposite settlement transaction through Strate between the failing member and the non-failing member for the same quantity and at the same price as the non-failing party's original transaction 		
236	Rule 10.80	3
What are the settlement obligations of a controlled client?		
<ol style="list-style-type: none"> 1. By no later than 16h00 on the first business day after trade date to ensure that the member will be in a position to settle the transaction on settlement date either by providing the equity securities or funds required to settle the transaction. OR 2. Entering into an arrangement with the member to facilitate settlement of the transaction. 		
237	Rule 10.90	7
Itemise 7 of a member's settlement obligations.		
<ol style="list-style-type: none"> 1. Endeavour to ensure settlement of equity transactions it has effected. 2. Settlement officer must advise SA when any equity securities transaction is unlikely to settle. 3. It may not alter or stop payment in respect of a STRATE settlement instruction. 4. Ensure that its CSP or settlement agent (if applicable) complies with the rules. 5. By no later than 12H00 on the second business day after the trade to ensure that its CSDP has committed to settle in respect of controlled accounts. 6. Assume the obligation to settle by 16h00 on the second business day after the trade date if a non-controlled client is unable to settle. 7. By 18h00 on the second business day after trade date to ensure that the CSDP of a member commits to settle any transactions in respect of the member's non-controlled clients assumed in terms of 6 above. 		

Question	Reference	Marks
238	Rule 10.90.9	3
<p>What is a member required to do if a client, at any stage, advises the member that it is unable to settle or the member otherwise becomes aware that the client is not able to settle?</p>		
<ol style="list-style-type: none"> 1. A member must endeavour to enter into an arrangement to ensure that the settlement of transactions in equity securities effected by the member takes place on settlement date. 2. The settlement officer of a member must immediately inform the Settlement Authority if he is unable to enter into such arrangement. 		
239	Rule 10.90.10	4
<p>Having notified the SA that a client is unable to settle and the SA is able to procure settlement of the transaction by means of borrowing equity securities or funds, as the case may be, what is a member required to do by no later than close of business on the next business day?</p>		
<ol style="list-style-type: none"> 1. In respect of a sale transaction, buy such securities either for the account of the relevant client or for the member's own account; or 2. In respect of a purchase transaction, sell such securities either for the account of the relevant client or for the member's own account; in order to ensure the return of the securities or funds to the Settlement Authority. 		
240	Rule 10.90.11	1.5
<p>Having notified the SA that a client is unable to settle, and the SA is also unable to procure settlement what will the SA and the member do?</p>		
<ol style="list-style-type: none"> 1. The SA rolls the settlement or declares the transaction trade to be a failed trade in terms of rule 2. The member shall act in accordance with the instructions received from the Settlement Authority 		
241	Rule 10.90.12	0.5
<p>Under what circumstances may a member use a client's equity securities to settle the obligations of: Another client, or A proprietary position.</p>		
<p>Under no circumstances</p>		
242	Rule 10.100.1 & Directive EF 4	5
<p>What can a member do if a client breaches its settlement obligations and the member has assumed the obligation to settle the transaction where no agreement or notification to the contrary exists with the client?</p>		
<p>The member may:</p>		
<ol style="list-style-type: none"> 1. In respect of a sale transaction, buy-in such equity securities for the account of the client and claim the difference between the selling consideration of such securities and the purchase consideration for such securities 2. In respect of a purchase transaction, sell-out such equity securities for the account of the client and claim the difference between the purchase consideration of such securities and the selling consideration for such securities, AND 3. Sell for the account of such client: <ol style="list-style-type: none"> (a) so many of any other equity securities belonging to such client and held by or in the custody of such member; or (b) so many of any other equity securities to be delivered to the client in respect of any transaction relating to securities previously entered into by such client with or through the member, as is necessary to realise an amount equal to the amount still owing by the client in respect of such securities, after the sale or purchase of the equity securities in terms of rule 10.100.1.1 and 10.100.1.2, as the case may be. 		

Question	Reference	Marks
243	Rule 10.100.2	4
<p>What should a member take cognisance of when timing the purchases or sales arising out of a client's breach of settlement obligations?</p> <ol style="list-style-type: none"> 1. The time at which the breach by the client was or should have been identified by the member. 2. Any agreement with or notification to the client with regard to the timing of such transactions, and 3. The market conditions in relation to the relevant equity security. Bearing in mind the overriding principle that the client is responsible for meeting his settlement obligations and that if he does not meet those obligations, the member may take reasonable action to mitigate its risk arising out of such a breach of obligations. 		
244	Rule 10.120.4	1
<p>Who is liable for any losses, costs, charges incurred or charges imposed by a member in relation to the original transaction which was the subject of the breach of settlement obligation?</p> <p>The client who breached the settlement obligations.</p>		
245	Directive EF 2	1.5
<p>What is a member's post trade general settlement obligation?</p> <p>If the member:</p> <ol style="list-style-type: none"> 1. is advised by a client or becomes aware that the client is unable to settle, and 2. the member is unable to enter into any arrangement to ensure that such transaction settles on settlement date, the member immediately notify the SA. 		
246	Directive EF6 & Rule 10.60.4	4
<p>What is a failed trade declaration?</p> <p>If a member advises the Settlement Authority that:</p> <ol style="list-style-type: none"> 1. the CSDP of a member is unable to settle a transaction on settlement date, and 2. the CSDP of a member is also unable to settle, and 3. if the Settlement Authority is not able to procure settlement or has decided not to roll settlement. <p>The transaction shall be declared a failed trade by no later than 09H00 on the business day following the report and will be dealt with in terms of failed trade procedures.</p>		
247	Rule 10.60.1.1 & Directive EF 7	0.5
<p>By when is a member required to allocate transactions to</p> <ol style="list-style-type: none"> 1. a client or 2. a member's proprietary account? <p>On trade day</p>		
248	Directive EF 8 & Rule 10.60.1.2	0.5
<p>By when must a member communicate details of transactions in equity securities to clients?</p> <p>12H00 on T+1</p>		
249	Directive EF 9.1 & 9.2	1.5
<p>What are a non-controlled client's obligations on T+1?</p> <ol style="list-style-type: none"> 1. The client must be deemed to have accepted the transaction unless he notifies the member to the contrary by 18h00 2. To provide settlement instructions to his CSDP by 12H00. 		

Question	Reference	Marks
250	Directive EF 9.1 & 9.3	2.5
What are a controlled client's obligations on T+1?		
<ol style="list-style-type: none"> 1. The client must be deemed to have accepted the transaction unless he notifies the member to the contrary by 18h00. 2. By 16H00 ensure that the member will be in position to settle on settlement date. 		
251	Directive EF 10	2
What are the member's obligations at 16H00 on T+1?		
<ol style="list-style-type: none"> 1. If a controlled client fails to ensure that the member will be in a position to settle on settlement date the member shall be entitled to proceed in terms of a breach of client settlement obligations. 2. Ensure that no allocation corrections (deal adjustments) are made after 18h00. 		
252	Directive EF 4, Rule 10.80 & 10.100.1	10
What is a member entitled to do if settlement of a controlled client's transaction is not ensured by 16H00 on T+1 and where no agreement or notification to the contrary exists with the client, and to any action taken by the Settlement Authority in terms of rolling of settlement procedures or the failed trade procedures?		
The member may		
<ol style="list-style-type: none"> 1. in respect of a sale transaction, buy-in such equity securities for the account of the client and claim the difference between the selling consideration of such securities and the purchase consideration for such securities 2. in respect of a purchase transaction, sell-out such equity securities for the account of the client and claim the difference between the purchase consideration of such securities and the selling consideration for such securities; and 3. sell for the account of such client- <ol style="list-style-type: none"> (a) so many of any other equity securities belonging to such client and held by or in the custody of such member; or (b) so many of any other equity securities due to be received by the member on the relevant settlement date in respect of any purchase transaction previously entered into by such client with or through the member as is necessary to realise an amount equal to the amount still owing by the client in respect of such securities, after the sale or purchase of the equity securities in terms of the rules as the case may be. 		
253	Rule 10.60.1.4	1
By when are:		
<ol style="list-style-type: none"> 1. non-controlled clients required to ensure and procure that their CSDP's have committed to settle on their behalf? 2. members required to ensure that their CSDP's have committed to settle transactions in respect of controlled accounts? 		
<ol style="list-style-type: none"> 1. 12H00 on T+2 2. 12H00 on T+2 		

Question	Reference	Marks
254	Directive EF 9. Rule 10.60,70,90	10
<p>If a non-controlled client does not ensure and procure that his CSDP has committed, by 12H00 on T+2, to settle the transaction on his behalf, what is a member entitled to do?</p>		
<ol style="list-style-type: none"> 1. Where the member has reason to believe that the non-controlled client will settle, then the member is entitled to allow the client until 15h00 on T+2 to ensure and procure that its CSDP has committed to settle. 2. and the member will by no later than 16h00 on the second business day after the trade date: <ol style="list-style-type: none"> (a) assume the obligation to settle the transaction through Member's CSDP, and (b) Where the member is unable to arrange settlement through his own CSDP, he must advise the Settlement Authority of the inability of the CSDP of both the non-controlled client and the member to commit, and (c) Where the Settlement Authority is able to arrange settlement, the member is obliged to, forthwith, to buy in or sell out as the case may be, (by no later than close of business on the next business day) for the client's or the members own account, to ensure the return of the equity securities or funds to the Settlement Authority. (d) Where the member is able to arrange settlement, the member may buy in or sell out as the case may be to close the transaction. (e) Where the member and Settlement Authority are unable to arrange settlement and the SA is unable to arrange to voluntarily close the transaction, the SA will declare the transaction a failed trade by 09H00 on the next business day, and the member will pass the necessary entries. (f) The non-controlled client shall remain liable for any losses, costs or charges incurred or charges imposed by the member. 		
255	Directive EF 13 & 14	1.5
<p>In the event that the CSDP of a non-controlled client fails to commit to settle a transaction by 15h00 on T+2, what is member required to do and when?</p>		
<p>The member will assume the obligation to settle, by no later than 16h00 on T+2 and endeavour to ensure that by 18h00, its CSDP commits to settle the transaction.</p>		
256	Directive EF 15 and 16	3.5
<p>What are the SA's procedures in the event that a member is unable to procure settlement by its CSDP by 18h00 on T+2 in respect of non-controlled client's transactions, the settlement obligations of which it assumed due to clients not meeting their obligations?</p>		
<ol style="list-style-type: none"> 1. The settlement Authority will endeavour Between 08h00 and 10h00 on T+3 In respect of a sale transaction - borrow, as agent, on behalf of the member as undisclosed principal the equity securities required by the member to comply with its obligations to settle the transaction or 2. In respect of a purchase transaction - lend to the member the funds required by the member to comply with its obligations to settle the transaction or 3. In respect of a sale or purchase transaction where the SA is unable to borrow equity securities or lend funds, it may in its sole discretion and under exceptional circumstances, allow the rolling of settlement in terms of the rules. 		
257	Directive EF 17	5
<p>What is the SA required to do in the event that it is unable by 10h00 on T+3 to:</p> <ul style="list-style-type: none"> • Borrow equity securities or funds to ensure settlement or, • Voluntarily roll a transaction in terms of the rules? 		
<p>Declare the said transaction a failed trade and shall:</p>		
<ol style="list-style-type: none"> 1. Match such failed trade against and equal but opposite transaction or transactions represented by one or more contract notes being mindful of any apparent implications for the parties 2. The transactions selected in terms of 1 above shall be closed at a price and in terms of the principles and procedures in Rule 10.110.1.3 		

Question	Reference	Marks
258	Directive EF 3 and 4	5
<p>What are the member's sell-out procedures in respect of a purchase transaction to be carried out if the SA is able to procure the settlement of the transaction by means of borrowing funds?</p> <p>Sell such securities for the account of the client or for the member's own account in order to ensure the return of funds to the SA. The member may claim the difference between the purchase consideration and the selling consideration for such securities, The member is also entitled to sell for the account of such client</p> <p>(a) so many of any other equity securities belonging to such client and held by or in the custody of such member, or (b) so many of any other equity securities to be delivered to the client in respect of any transaction relating to securities previously entered into by such client with or through the member, as is necessary to realise an amount equal to the amount still owing by the client in respect of such securities</p>		
259	Directive EF 4	5
<p>What are the member's procedures in respect of a purchase transaction if the member is able to procure the settlement of the transaction by means of borrowing funds?</p> <p>The member may, subject to an agreement with the client or notification to the client to the contrary:</p> <ol style="list-style-type: none"> 1. Sell-out such equity securities for the account of the client and claim the difference between the purchase consideration of such securities and the selling consideration for such securities, and 2. sell for the account of such client; <ol style="list-style-type: none"> (a) so many of any other equity securities belonging to such client and held by or in the custody of such member, or (b) so many of any other equity securities to be delivered to the client in respect of any transaction relating to securities previously entered into by such client with or through the member, as is necessary to realise an amount equal to the amount still owing by the client in respect of such securities, after the sale of the securities. 		
260	Directive EF 3	2
<p>What are the member's buy-in procedures in respect of a sale transaction to be carried out if the SA is able to procure the settlement of the transaction by means of borrowing securities?</p> <p>Buy such securities for the account of the client or for the member's own account in order to ensure the return of equity securities or funds to the SA.</p>		
261	Directive EF 4	5
<p>What are the member's procedures in respect of a sale transaction if the member is able to procure the settlement of the transaction by means of borrowing securities?</p> <p>The member may, subject to any agreement with the client or notification to the client to the contrary buy-in such equity securities for the account of the client and claim the difference between the selling consideration of such securities and the purchase consideration for such securities, as is necessary to realise an amount equal to the amount still owing by the client in respect of such securities, after the purchase of the securities as the case may be.</p>		
262	Directive EF 5	2.5
<p>In which instances are sell-out or buy-in procedures not required?</p> <p>Where</p> <ol style="list-style-type: none"> 1. a client has not complied with their obligations to procure settlement, and 2. both the member and the Settlement Authority were unable to procure the settlement of the transaction by the means of the borrowing of funds or equity securities, as the case may be, and 3. the Settlement Authority either rolls the settlement of the transaction or declares the transaction to be a failed trade, but must act in accordance with the instructions received from the Settlement Authority 		

Question	Reference	Marks
263	Rule 10.110.1	5.5
How will a failed trade be dealt with by the Settlement Authority?		
<ol style="list-style-type: none"> 1. The SA shall match a failed trade against an opposite transaction or transactions represented by one or more contract notes, being mindful of any apparent implications for the parties concerned. 2. The Settlement authority will advise the non-failing member that its transition has been selected. 3. If the non-failing party is a client, the Settlement Authority will transfer the original transaction of the non-failing party to a proprietary account of the non-failing member. 3. The Settlement Authority will book an opposite Settlement transaction through Strate between the failing member and the non-failing member for the same quantity and at the same price as the non-failing party's original transaction. 		
264	Rule 10.110.6	3
In respect of a failed trade, If it is determined that it is appropriate to compensate the non- failing party. How is this actioned?		
<p>Compensation will be paid to the non-failing member utilizing the margin held in respect of the failing member. Should the margin be insufficient, the failing member must pay any shortfall to the Settlement Authority on the day of receipt of the instruction to do so</p>		
265	Rule 10.110.2	4
How will redress in respect of a failed trade be dealt with?		
<ol style="list-style-type: none"> 1. The Settlement Authority, in consultation with the Director: Market Regulation and the Market Controller, will consider the circumstances of the original transaction, the factors which gave rise to its failure to settle in the current prevailing market conditions, and consequently the manner in which the matter will most suitably be resolved by: <ol style="list-style-type: none"> (a) the non-failing member re-establishing the non-failing party's original transaction by way of re-transacting and recovering any costs from the failing part, or (b) determining appropriate compensation payable by the failing party to the non-failing party 2. The Settlement Authority will notify the failing member and non-failing member of the decision. 		
266		
Reserved		
267		
Reserved		
268		
Reserved		
269		
Reserved		
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Reserved		
271		
Reserved		

Question	Reference	Marks
272		
Reserved		
273		
Reserved		
274		
Reserved		
275		
Reserved		
276	Rule 10.120.1	1.5
If a member –		
<ol style="list-style-type: none"> 1. Is not able to ensure that its CSDP is able to commit to settle an assumed obligation from a non-controlled client for a sale transaction; or 2. At any time notifies the Settlement Authority, or the Settlement Authority becomes aware, that the member will not be able to settle a sale transaction on settlement date, 		
What will the SA do?		
The Settlement Authority will endeavour to borrow, as agent, on behalf of the member as undisclosed principal, the equity securities required by the member to comply with its obligations to settle the transaction.		
277	Rule 10.120.4	0.5
Who shall be responsible for the payment of any costs that may be incurred by the member as a result of the member having borrowed the equity securities to effect settlement (including costs related to manufactured dividends and other similar costs), and any penalty imposed on the member by the SA, where the client failed to deliver the equity securities required to settle the transaction?		
The client who failed to deliver the equity securities required to settle the transaction.		
278	Directive EG 1	1
What is the definition of "collateral" in directive EG? (Borrowing of securities through the Settlement Authority)		
Cash provided to the Settlement Authority by a member as security for the due return of equivalent equity securities in terms of a lending transaction.		
279	Directive EG 1	1
What is the definition of "corporate action" in directive EG? (Borrowing of securities through the Settlement Authority)		
Any economic right or benefit flowing from ownership of loaned equity securities.		
280	Directive EG 1	1
What is the definition of "equivalent Equity securities" in directive EG? (Borrowing of securities through the Settlement Authority)		
Equity securities of an identical type, nominal value, description and amount to the loaned equity securities duly adjusted for any corporate action.		

Question	Reference	Marks
281	Directive EG 1	1
<p>What is the definition of "lender" in directive EG? (Borrowing of securities through the Settlement Authority)</p> <p>The third party from which the settlement authority, as agent for the member as undisclosed principal, has borrowed the equity securities.</p>		
282	Directive EG 1	1
<p>What is the definition of "lending fees" in directive EG? (Borrowing of securities through the Settlement Authority)</p> <p>Fees due by the member in respect of loaned equity securities.</p>		
283	Directive EG 1	1
<p>What is the definition of "loan recall" in directive EG? (Borrowing of securities through the Settlement Authority)</p> <p>A demand by the settlement authority for the return of equivalent equity securities in terms of a lending transaction.</p>		
284	Directive EG 2.5	2
<p>How is the collateral amount required in respect of borrowed equity securities calculated in terms of Directive EG? (Borrowing of securities through the Settlement Authority)</p> <p>The collateral amount must 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 equity securities position, plus the margin applicable thereto.</p>		
285	Directive EG 2.6	1
<p>What may the Settlement Authority require a member to do in the event the collateral value falls below the value required in terms of Directive EG 2.5? (Borrowing of securities through the Settlement Authority)</p> <p>To immediately provide further collateral in the amount of any shortfall.</p>		
286	Directive EG 2.7	1
<p>What margin shall be applicable to all loaned equity securities in terms of Directive EG2.7? (Borrowing of securities through the Settlement Authority)</p> <p>A margin equal to the margin factor (as defined in directive EM) such that the collateral amount shall be 100% plus the margin factor of the applicable value of each loaned equity securities position.</p>		
287	Directive EG 2.8 & 2.9	2
<p>What is the return period in the event of a loan recall? In how many deliveries and in what quantities may the equivalent loaned equity securities be returned? (Borrowing of securities through the Settlement Authority)</p> <ol style="list-style-type: none"> 1. Within 3 business days of a loan recall, 2. Equivalent equity securities shall be returned in no more than two deliveries, the first delivery being not less than 50% of the loaned equity securities. 		
288		
Reserved		

Question	Reference	Marks
289	Directive EG 2	8
<p>When the Settlement Authority has, as agent for a non-disclosed principal, facilitated the borrowing of equity securities by a member, what are the terms and conditions with which a member must comply? (Borrowing of securities through the Settlement Authority)</p>		
<p>A member shall:</p>		
<ol style="list-style-type: none"> 1. ensure that sufficient cash is available in its funds settlement account or its proprietary funds settlement account, whichever is applicable, with its CSDP to meet the initial and any subsequent collateral requirement, 2. ensure that the necessary entries are passed in the BDA system to reflect such transaction in their books by the close of business on the loan date, 3. ensure that further collateral in the amount of any shortfall is provided immediately on request by the Settlement Authority, 4. ensure the return of the equivalent loaned equity securities within 3 business days of a loan recall, 5. return equivalent equity securities in no more than two deliveries, the first delivery being not less than 50% of the loaned equity securities, 6. pay to the SA the lending fees reflected in Directive EK 1, which shall accrue over the loan period, and be paid monthly in arrears. 		
290	Directive EG 2	6
<p>When the Settlement Authority has, as agent for an undisclosed principal, facilitated the borrowing of equity securities by the member, what are the terms and conditions with which the Settlement Authority must comply in terms of Directive EG? (Borrowing of securities through the SA)</p>		
<p>The Settlement Authority shall:</p>		
<ol style="list-style-type: none"> 1. initiate the borrowing by sending the necessary lending orders to STRATE, 2. advise the member of the transactions giving rise to the loaned equity securities and the collateral requirement, 3. hold the collateral amount during the whole loan period until equivalent equity securities are returned to it, * ensure that 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 equity securities position, plus the margin applicable thereto, 4. request a member to immediately provide further collateral in the amount of any shortfall on any business day. 		
291	Directive EG 2	1
<p>What interest is a member entitled to on the collateral amount paid to the Settlement Authority in terms of a loan of equity securities in terms of Directive EG? (Borrowing of securities through the Settlement Authority)</p>		
<p>A member shall be entitled to interest on the margin factor of the collateral.</p>		
292	Rule 10.130.1	1.5
<p>If a member –</p>		
<ol style="list-style-type: none"> 1. Is not able to ensure that its CSDP is able to commit to settle an assumed obligation from a non-controlled client for a purchase transaction, or 2. At any time notifies the Settlement Authority, or the Settlement Authority becomes aware, that the member will not be able to settle a purchase transaction on settlement date, 		
<p>What will the SA do?</p>		
<p>The Settlement Authority may, on the terms and conditions set out in the directives, lend to the member the funds required to comply with its obligations to settle the transaction.</p>		

Question	Reference	Marks
293	Rule 10.130.2	0.5
<p>Who shall be responsible for the payment of any costs that may be incurred by member as a result of the member having borrowed the funds to effect settlement, and any penalty imposed on the member by the Settlement Authority, where the client failed to pay the funds required to settle the transaction?</p> <p>The client who failed to pay the funds required to settle the transaction.</p>		
294	Directive EH 1	1
<p>What is the definition of "collateral" in directive EH? (Lending of funds by Settlement Authority)</p> <p>Equity securities provided to the Settlement Authority as security for the due return of the funds lent to a member.</p>		
295	Directive EH 1	1
<p>What is the definition of "loaned funds" in directive EH? (Lending of funds by SA)</p> <p>The funds provided by the Settlement Authority to a member.</p>		
296	Directive EH 1	1
<p>What is the definition of "loan date" in directive EH? (Lending of funds by Settlement Authority)</p> <p>The date on which funds are transferred by the Settlement Authority into the funds settlement account or proprietary Funds settlement account of a member, whichever is applicable.</p>		
297	Directive EH 1	1
<p>What is the definition of "loan fees" in directive EH? (Lending of funds by Settlement Authority)</p> <p>The interest and fees due to the Settlement Authority by a member in respect of the funds provided.</p>		
298	Directive EH 1	1
<p>What is the definition of "loan period" in directive EG & EH? (Borrowing of securities or lending of funds by Settlement Authority)</p> <p>The period of time expressed in days from the loan date to the return date.</p>		
299	Directive EH 1	1
<p>What is the definition of "margin" in Directive EH? (Lending of funds by Settlement Authority)</p> <p>The amount or percentage by which the value of the collateral is required to exceed the value of the loaned funds.</p>		
300	Directive EH 1	1
<p>What is the definition of "return date" in directive EH? (Lending of funds by Settlement Authority)</p> <p>The date on which a member returns the loaned funds to the Settlement Authority.</p>		

Question	Reference	Marks
301	Directive EH 2	6
When the settlement authority has facilitated the lending of funds to a member, what are the terms and conditions with which a member must comply in terms of Directive EH? (Lending of funds by Settlement Authority)		
A member shall:		
<ol style="list-style-type: none">1. ensure that the equity securities which constitute the failing transaction shall form the initial collateral for the funds advanced,2. ensure that the necessary entries are passed in the BDA system to reflect such transaction in their books by the close of business on the loan date,3. ensure that further collateral acceptable to the SA in the amount of any shortfall is provided immediately on request by the SA, or4. repay so much of the loaned funds so as to ensure that the shortfall is removed,5. pay to the SA the loan fees reflected in Directive EK1, which shall accrue over the Loan period, and be paid monthly in arrears.		
302	Directive EH 2.6.2	1
What is a member entitled to receive if on any business day the collateral value exceeds the value of loaned funds, when the Settlement Authority has facilitated the lending of funds to a member in terms of Directive EH? (Lending of funds by SA).		
Nothing. A member is not entitled to the return of the excess collateral except at the time of and in proportion to, the loaned funds repaid by the member.		

Question	Reference	Marks
303	Rule 10.140.2	10
<p>On which unsettled transactions may the JSE require a member to provide margins before 12h00 on the 2nd business day after the trade?</p>		
<ol style="list-style-type: none"> 1. In respect of a non-controlled client transaction where, by end of day on the first business day after the trade date, the CSDP of the non-controlled client has not committed to settle the transaction on behalf of that client. 2. In respect of a controlled client sale transaction where, by end of day on the first business day after the trade date, the controlled client: <ol style="list-style-type: none"> (a) does not have sufficient equity securities in the custody of the member or the member's CSP for the transaction to settle on settlement date; (b) has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system; (c) has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient equity securities for the sale to settle on settlement date; or (d) does not have a corporate action equity share entitlement that will provide sufficient equity securities for the sale to settle on settlement date. 3. In respect of a controlled client purchase transaction where, by end of day on the first business day after the trade date, the controlled client: <ol style="list-style-type: none"> (a) does not have sufficient funds in the custody of the member or the member's CSP for the transaction to settle on settlement date; (b) has not concluded a sale transaction which is due to settle on or before the settlement date of the purchase and which will provide sufficient funds for the purchase to settle on settlement date; or (c) does not have a corporate action cash entitlement that will provide sufficient funds for the purchase to settle on settlement date. 4. In respect of a sale transaction for the member's own account where, by end of day on the first business day after the trade date, the member: <ol style="list-style-type: none"> (a) does not have sufficient equity securities available for the transaction to settle on settlement date; (b) has not entered into securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system; (c) has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient equity securities for the sale to settle on settlement date; or (d) does not have a corporate action equity share entitlement that will provide sufficient equity securities for the sale to settle on settlement date. 5. In respect of a purchase transaction for the member's own account where the member has not concluded a sale transaction due to settle on the settlement date of the purchase which will provide sufficient funds for the purchase to settle on settlement date. 		
304	Rule 10.140.4	1

When must margin recovered from clients and paid to the JSE be refunded to clients?

Forthwith upon the repayment of the margin to the member by the JSE.

Question	Reference	Marks
305	Directive EL	2.5
Itemise 10 types of equity securities on the JSE which will be ring-fenced for the purpose of managing the settlement of those transactions. (Settlement type codes are acceptable)		
Block trade	BT	
Corporate finance transaction	CF	
Portfolio transaction	PF	
Late trade	LT	
Exercise of warrants	WX	
Exercise of traded options	TX	
Exercise of options	OX	
Off order book principal trade	OP	
Next day cancellation of on Book trade	PC	
Delta trade	OD	
Next day cancellation of a published off book trade	LC	
Bookbuild	BK	
Give-up trade	GU	
Next day cancellation of a non-published off book trade	NC	

306	Directive EM 1	1
Define "liquidity risk"		
The degree to which the potential volume of trade in any equity security may fluctuate in the future based on inter alia, how this has fluctuated in the past.		

307	Directive EM 1	1
Define "margin call"		
A demand by the JSE for cash from a member to cover any shortfall of a member's margin deposit in meeting that member's margin requirement.		

308	Directive EM 1	1
Define "margin deposit"		
Cash deposited by a member or a JSE acceptable bank guarantee lodged by a member or a combination of the two, with the JSE.		

309	Directive EM 1	2
Define "margin factor"		
The percentage reflecting the potential adverse price movement from EOD on T+1 until settlement date for each security with reference to its price volatility risk, spread risk, liquidity risk and impact cost risk and how these factors interact over time.		

310	Directive EM 1	1
Define "margin requirement"		
The amount of margin due from a member, in respect of uncovered and uncommitted trades, calculated in accordance with the principles set out in margining procedures.		

Question	Reference	Marks
311	Directive EM 1	1
Define "Impact cost risk"		
The degree to which potential costs of liquidating an open position may fluctuate in the future based on, inter alia, how volume and price (and their interaction) have fluctuated in the past.		
312		
Reserved		
313	Directive EM 1	1
Define "price volatility risk"		
A measure of the degree to which the price may fluctuate in the future based on, inter alia, such fluctuations in the past.		
314	Directive EM 1	1
Define "spread risk"		
A measure of the degree to which the difference between the bid and offer prices for an equity security may fluctuate in the future based on, inter alia, such fluctuations in the past.		
315	Directive EM 2.2	2
What is a margin deposit used for and when can it be returned to a member?		
<ol style="list-style-type: none"> To be utilised by the JSE in meeting the member's daily margin requirement. To be returned at the request of a member if the JSE is satisfied that the returned portion is no longer required to meet the member's margin requirement. 		
316	Directive EM 2.3	3
How will the JSE determine the margin requirement on each uncovered or uncommitted trade?		
By netting the values calculated through establishing:		
<ol style="list-style-type: none"> mark to market price movement from the trade price of the equity security on T to the closing price at EOD on T+1 and the potential adverse price movement of the equity securities from EOD on T+1 until S, based on the margin factor. 		
317	Directive EM 2.4	0.5
What are the margining requirements regarding report only trades?		
Certain off book trades, which are deemed by The Settlement Authority to have an impact on on-book trades will be margined.		
318	Directive EM 2.5	1
The margin requirement across accounts will not be netted with one exception. What is it?		
Member's proprietary accounts will be treated as one account for margining purposes.		

Question	Reference	Marks
319	Directive EM 2.6	2.5
What does the margin requirement on uncovered controlled client trades take into account?		
<ol style="list-style-type: none"> 1. That portion of a sale that is not covered by: <ol style="list-style-type: none"> (a) equity securities in the account (b) a borrowing arrangement or (c) a purchase due to settle on or before the settlement date of the sale. 2. That portion of a purchase <ol style="list-style-type: none"> (a) which has not been freed or (b) which cannot be funded by the proceeds of a sale due to settle on or before settlement date of the purchase. 		
320	Directive EM 2.7	2
What does the margin requirement on uncovered proprietary trades take into account?		
<ol style="list-style-type: none"> 1. That portion of a sale that is not covered by: <ol style="list-style-type: none"> (a) equity securities in the member's float (b) a borrowing arrangement evidenced by an entry in the member's float, or (c) a purchase which is due to settle on or before the settlement date of the sale 2. That portion of a purchase which cannot be funded by the proceeds of sales due to settle on the settlement date of the purchase. 		
321	Directive EM 2.8	1
How will either a sale or a purchase or any portion thereof be applied when calculating the margin requirement on uncommitted non-controlled clients trades and why?		
Neither a sale nor a purchase or any portion thereof will be taken into account because settlement risk is managed by the CSDP of such client and not the JSE.		
322	Directive EM 2.10, 2.13 and 2.15	4
What is the JSE required to do in connection with margins and margin calls?		
The JSE will		
<ol style="list-style-type: none"> 1. Initiate a margin call by sending the necessary settlement order messages to the member's CSDP to instruct the transfer of funds for same day value 2. Initiate a margin call by sending the necessary swift messages to instruct the bank to transfer funds for same day value 3. Reconcile the member's margin account maintained by the JSE and the member's margin account in BDA and resolve any discrepancy daily, and any discrepancy will be resolved with the member by the end of the following business day. 4. Calculate interest on margin deposit and margin call accounts monthly in arrears and transfer the amount to the member's designated account after the BDA system month-end. 		
323	Directive EM 2.11	1
When is the margin requirement payable by a member to the JSE? AND		
When will it be repayable provided the circumstances surrounding the uncovered or uncommitted trade have been resolved to the satisfaction of the JSE?		
Before 12H00 on T+2		
Before 12H00 on S		

Question	Reference	Marks
324	10.160.3	0.5
<p>By when must the payment of the penalty imposed or fees charged in terms of rule 10.160.1 be made to the Settlement Authority?</p> <p>Within five business days of notification.</p>		
325	10.160.4	0.5
<p>Who shall be responsible for the payment of any penalty imposed on the member by the Settlement Authority where the client was at fault for causing a failed trade.</p> <p>The client who was in breach of his settlement obligations.</p>		
326	Directive EJ 1.1	1
<p>What are the penalties that will be imposed on a member who trades in equities securities and</p> <ol style="list-style-type: none"> 1. a MT598/008 message confirming the appointment of a CSDP by the member has not been received by the JSE, and 2. where a member does not have a SWIFT connection? <ol style="list-style-type: none"> 1. R10 000. 2. R10 000. 		
327	Directive EJ 1.2	1
<p>What penalties will be levied in respect of the following transactions?</p> <ol style="list-style-type: none"> 1. Failure to confirm via An MT598/008 message, that the details of a non-controlled client held by the client's CSDP match the details in the BDA system. 2. Failure to ensure that a client has sufficient equity securities to cover a sale transaction? <ol style="list-style-type: none"> 1. R1 000 per contract note. 2. R1 000 per contract note. 		
328	Directive EJ 1.3	0.5
<p>What penalty will be imposed on a member who makes allocation corrections after 18H00 on T+1?</p> <p>R5 000.</p>		
329	Directive EJ 1.4	0.5
<p>What penalties will be levied in the following circumstance? A member is required to assume the obligations of a non-controlled or controlled client to settle a transaction at 16h00 on T+2 and the member fails to do this?</p> <p>R500 per occurrence.</p>		
330	Directive EJ 1.6	2
<p>What penalties will be levied in the following circumstance? A member is unable to enter into an agreement to ensure that a sale transaction settles on settlement date, which results in the Settlement Authority facilitating the borrowing of equity Securities on behalf of the member</p> <p>R1000 plus the brokerage on the trade for which securities are borrowed with a minimum fine of 0,075% of the value of the trade, not exceeding R25 000</p>		

Question	Reference	Marks
331	Directive EJ 3.1	1
Within what time is a member required to pay a penalty imposed by the Settlement Authority?		
Within 5 business days of the date of invoice		
332	Directive EJ 3.2	2
How and by when are objections to penalties imposed by the Settlement Authority to be lodged?		
<ol style="list-style-type: none"> 1. In writing 2. Signed by the settlement officer 3. Received by the settlement authority by no later than 15H00 on the day the penalty is payable. 		
333	Directive EJ 4	1
What is the JSE entitled to publish in the event it imposes a penalty on a member in terms of Directive EJ 1?		
The circumstances giving rise to and the details of the penalty imposed.		
334	Directive EJ 2	0.5
What additional action may be taken against a member who has had a penalty imposed in terms of Directive EJ 1 as a result of a transgression of his settlement obligations?		
Disciplinary action in terms of the rules may be taken		
335	Directive EK 1.1 & 1.2	2
What are the Settlement Authority fees which apply to the following services:		
<ol style="list-style-type: none"> 1. Provision of securities lending facilities to member to enable settlement? 2. Provision of funds to a member to enable settlement? 		
<ol style="list-style-type: none"> 1. R1 000 administrative fee plus the greater of R1 000 or 5% p.a. above the lending rate obtained by the Settlement Authority on the initial value of the loaned equity securities over the loaned period. 2. R1 000 administrative fee plus an interest charge of 5% p.a. above the Prime Overdraft Rate at FirstRand Bank Limited 		
336	Directive EK 1.4 & 1.5	2.5
What are the Settlement Authority fees which apply to the following services:		
<ol style="list-style-type: none"> 1. Executing the process to close a failed trade. 2. Resolution of a corporate action entitlement resulting from loaned equity securities tolling of settlement or failed trades? 		
<ol style="list-style-type: none"> 1. R5 000 administrative fee payable by the member who introduced the failed trade. 2. R1000 administration fee 		

Question	Reference	Marks
337	Directive FI 1, 2 & 4	3
<p>1. What must a TSP do prior to entering into an arrangement with another member to act as its settlement agent? AND</p> <p>2. What may the agreement provide?</p>		
<p>1. Advise the JSE of its intention to enter an arrangement with a settlement agent prior to entering into such an arrangement.</p> <p>2. That the settlement agent:</p> <p>(a) Assists the TSP in meeting its obligations to ensure settlement of proprietary trades and trades executed on behalf of non- controlled clients.</p> <p>(b) Monitoring of unsettled proprietary and non-controlled clients' trades.</p> <p>(c) Institutes any action which is necessary to ensure the TSP meets its obligations to settle.</p>		
338	Directive FI 3	0.5
<p>If a settlement agent has been appointed by a TSP, who is ultimately responsible for meeting the TSP's settlement obligation?</p> <p>The TSP itself.</p>		
339	Directive FK 1	5
<p>What are the key objectives regarding their structures, systems and resources which a member applying to be authorised to perform custody services be able to demonstrate to the JSE so as to assure continuity of business and the total protection of client assets?</p>		
<p>1. MANAGEMENT OVERSIGHT which evidences commitment to effective control by executed management and the board of directors.</p> <p>2. PEOPLE AND RESOURCE – employment and retention of adequate numbers of suitably qualified personnel of integrity and the ongoing education of staff in relevant disciplines.</p> <p>3. INTERNAL CONTROL – documented system of internal controls, designed to ensure business is properly conducted and that the assets of a member and its clients are safeguarded.</p> <p>4. CONTINUITY OF BUSINESS - adequate current and prospective financial resources and risk management systems.</p> <p>5. INFORMATION TECHNOLOGY SYSTEMS – documented, designed to prevent unauthorized use, thorough testing of new proprietary systems provide assurance of the continuity of operation of all critical applications.</p>		
340	Directive FL 3	0.5
<p>The CSP is ultimately responsible for any obligation to the JSE or other broking members or its TSP's clients through the performance of its function as a CSP.</p> <p>True or false?</p> <p>False</p>		
341	Directive FL 4	2
<p>The arrangement between a TSP and its CSP shall be recorded in writing, a copy of which must be lodged with the JSE. What shall such arrangement provide?</p>		
<p>1. That the functions for which the CSP is responsible are performed strictly in terms of the Act, rules and directives.</p> <p>2. That the CSP acts as an agent for the TSP in all actions it performs.</p> <p>3. That the CSP permits an audit of its role as a CSP on behalf of the TSP.</p> <p>4. That the CSP utilize the BDA system.</p>		

Question	Reference	Marks
342	Directive FL 6.1	0.5
<p>What is a TSP who appoints a CSP required to ensure regarding the processing of receipts and payments on the TSP's:</p> <ol style="list-style-type: none"> 1. Current banking account. 2. Settlement banking account. 3. Non-resident banking account and 4. Trust account? <p>That the CSP has the necessary authority to process receipts and payments.</p>		
343	Directive FL 6.2	1
<p>What is a TSP who appoints a CSP required to do regarding the TSP's security transfer stamp?</p> <p>Grant authority to the CSP to utilise the securities transfer stamp bearing the TSP's name together with an authorised signatory of the CSP for use on transfer forms and other similar documents.</p>		
344	Directive FL 6.3	1.5
<p>What is a TSP who appoints a CSP required to ensure regarding a controlled client's custody account</p> <ol style="list-style-type: none"> 1. That an account in the name of a nominee company owned by the TSP be opened at the TSP's CSDP. 2. That the CSDP will only accept instructions, other than settlement instructions, from the CSP. 3. The member shall not be permitted to open an account in its own name. 		
345	Directive FL 7	2.5
<p>In the event of either a TSP or CSP becoming aware of any irregular behaviour relating to the operation of client accounts the TSP or its CSP should promptly advise the other party of such behaviour.</p> <p>Itemise 5 types of irregular behaviour mentioned in Directive FL 7.</p> <ol style="list-style-type: none"> 1. Issuing of fraudulent instructions. 2. Provision of false information. 3. Presentation of forged, fraudulent or stolen documents of title or instruments of payment. 4. Fraudulent electronic transfers of funds or securities to the TSP or its CSP, or 5. The theft of client's securities or funds. 		
346	Directive FL 8	1.5
<p>Following the discovery of any loss or occurrence likely to give rise to a loss to the TSP and/or its clients which may be covered in terms of the stockbrokers "in and out" fidelity policy and which may have occurred in the operations of the CSP, what is the member who discovered the loss or occurrence required to do?</p> <ol style="list-style-type: none"> 1. Promptly advise the other party (TSP or CSP). 2. Both parties to consider whether they may have suffered any actual or potential loss or incurred an actual or potential liability to a 3rd party and if so; 3. Promptly give notice in writing of the discovery to the insurance brokers acting for the JSE. 		
347	Directive FL 9	0.5
<p>Prior to terminating an arrangement with a CSP, what is a TSP required to do?</p> <p>Obtain the consent of the JSE.</p>		

Question	Reference	Marks
348	Directive FL Table 1	2
What are the functions for which a TSP is responsible regarding the take on of existing clients by the CSP?		
<ol style="list-style-type: none"> 1. Identify and de-activate those client accounts on the BDA system which should be de-activated. 2. Ensure that all client information required by Rule 8.60 has been obtained from the client and that the information referred to in Directive BI 6 has been loaded on the BDA system. 3. Ensure that mandates have been obtained for all controlled clients. 		
349	Directive FL Table 1	5
Itemise 8 functions for which a TSP is responsible regarding the acceptance of a new client.		
<ol style="list-style-type: none"> 1. Obtain all client information required by Rule 8.60 and which has been confirmed in writing by the client. 2. Verify the client's identity and address and record the method of verification. 3. Obtain mandates for controlled clients. 4. Approve opening of account and loading of client information on CLMNT. 5. Load all client information referred to in Directive BI 6 on the BDA system. 6. Load receipt of mandate on CLMNT. 7. Timeously provide account loading information, confirmed by the client and approved by the TSP and evidence of verification of the identity of the clients to the CSP in respect of new controlled clients. 8. Retain the original mandate, account loading documentation and relevant evidence of verification of the client's identity. 		
350	Directive FL Table 1	2
What are the functions for which a CSP is responsible regarding the acceptance of a new client?		
<ol style="list-style-type: none"> 1. Ensure that all documentation supporting the client information to be obtained in terms of Rule 8.60, has been obtained from the TSP. 2. Verify accuracy and completeness of client loading based on the documentation provided by the TSP. 		
351	Directive FL Table 2	3.5
What functions are required to be carried out by a TSP making amendments to client particulars on BDA system?		
<ol style="list-style-type: none"> 1. Obtain written authority from the client for any amendment to the name, identification or registration number, mailing address or banking details on CLMNT. 2. Approve amendment to account loadings. 3. Process the amendment to client information after examining written authority obtained from the client. 4. Timeously provide written authority for amendments obtained from clients to CSP. 		
352	Directive FL Table 2	1
What functions are required to be carried out by a CSP when making amendments to client particulars on the BDA system?		
Verify amendment to client information referred to in Directive FL Table 1.1 para 2.1 after examining written authority obtained from the client.		
353	Directive FL Table 3	2
What are the functions for which a TSP maybe responsible regarding the receipt of certificated equity securities?		
<ol style="list-style-type: none"> 1. Physical receipt from clients. 2. Process receipt on the BDA system 3. Issue receipt for scrip received 4. Stamp section A of the Securities Transfer Form signed by the client. 		

Question	Reference	Marks
354	Directive FL Table 3	2.5
What are the functions for which a CSP is responsible regarding the receipt of certificated equity securities?		
<ol style="list-style-type: none"> 1. Accept physical receipt from clients. 2. Process the receipt on the BDA system. 3. Issue receipt for scrip received. 4. Stamp section A of the securities transfer form signed by the client. 5. Ensure that the receipt has been recorded in the correct client's account with reference to the name of the registered holder of the certificate. 		
355	Directive FL Table 11	1.5
What are the functions for which a TSP is responsible regarding the receipt of funds?		
<ol style="list-style-type: none"> 1. Physical receipt and banking of cheques. 2. Obtain proof of deposit identifying the depositor in respect of remote deposits or direct transfers. 3. Process the receipt of funds on the BDA system after examining relevant proof of the deposit. 		
356	Directive FL Table 11	1.5
What are the functions for which a CSP is responsible regarding the receipt of funds?		
<ol style="list-style-type: none"> 1. Physical receipt and banking of cheques. 2. Obtain proof of deposit identifying the depositor in respect of remote deposits or direct transfers. 3. Process the receipt of funds on the BDA system after examining proof of the deposit. 		
357	Directive FL Table 10	3.5
What are the functions for which a CSP is responsible regarding the borrowing & lending of equity securities?		
<ol style="list-style-type: none"> 1. Instruct the TSP's CSDP to deliver or receive equity securities lent or borrowed and any associated securities collateral. 2. Process the delivery or receipt of equity securities lent or borrowed and any associated securities collateral on SBORC and SCOLC on the BDA system. 3. Instruct the TSP's CSDP to receive or deliver the return of equity securities lent or borrowed and any associated securities collateral. 4. Process the receipt or delivery of the return of equity securities lent or borrowed and any associated securities collateral on SBORC and SCOLC on the BDA system. 5. Balance open loan and collateral positions on the BDA system with the records of the lenders. 		
358	Directive FL Table 4	2
What are the functions for which a CSP is responsible regarding the dematerialisation of certificated equity securities?		
<ol style="list-style-type: none"> 1. Registration of the certificates into the name of the TSP's nominee company. 2. Submit certificates to TSP's CSDP for dematerialisation. 3. Process movement of securities between the relevant physical and dematerialised locations on the BDA system during the dematerialisation process, based on, advices received from the TSP's CSP. 		
359	Directive FL Table 5	1
What are the functions for which a TSP is responsible regarding the receipt of uncertificated equity securities?		
<ol style="list-style-type: none"> 1. Receive advise of the pending receipt of uncertificated equity securities from the client. 2. Notify the CSP of the pending receipt of equity securities. 		

Question	Reference	Marks
360	Directive FL Table 5	1.5
What are the functions for which a CSP is responsible regarding the receipt of uncertificated equity securities?		
<ol style="list-style-type: none"> 1. Receive advise of the pending receipt of uncertificated equity securities from the client. 2. Advise the TSP's CSDP of the pending receipt of equity securities. 3. Process the receipt of uncertificated equity securities on the BDA system upon advice of receipt from the TSP's CSDP. 		
361	Directive FL Table 6	0.5
What is the function for which a TSP is responsible regarding inter-account securities transfer?		
Obtain written authority from the client for transfer of equity securities to another client account.		
362	Directive FL Table 6	1.5
What are the functions for which a CSP is responsible regarding inter-account transfers?		
<ol style="list-style-type: none"> 1. Approve the inter-account transfer of shares after examining written authority obtained from the client. 2. Process the inter-account transfer of equity securities on the BDA system. 3. Levy Uncertificated Securities Tax in respect of change of beneficial ownership of equity securities (if applicable). 		
363	Directive FL Table 7	1.5
What are the functions for which a CSP is responsible regarding withdrawal of uncertificated securities?		
<ol style="list-style-type: none"> 1. Approve the withdrawal of equity securities after examining written authority obtained from the client. 2. Advise the TSP's CSDP to transfer the equity securities to the controlled client custody account of the other TSP or the CSDP to whom the client wishes to transfer the securities. 3. Process the withdrawal of equity securities on the BDA system upon advice of delivery from the TSP's CSDP. 		
363.1	Directive FL Table 8	2.5
What are the functions for which the TSP is responsible regarding the rematerialisation of uncertificated securities?		
<ol style="list-style-type: none"> 1. Receive the request for rematerialisation and withdrawal of uncertificated equity securities from the client. 2. Confirm the receipt of scrip from the CSP on USITR and transfer it into the relevant scrip location on the BDA system pending delivery to the client. 3. Deliver the scrip received from the CSP to the client and process the delivery on the BDA system. 4. Record the acknowledgement of receipt of the scrip by the client on USTNN. 		
363.2	Directive FL Table 8	3
What are the functions for which a CSP is responsible regarding rematerialisation of uncertificated securities?		
<ol style="list-style-type: none"> 1. Instruct the TSP's CSDP to rematerialise the uncertificated equity securities. 2. Receive the advice of the rematerialisation of the securities from the TSP's CSDP, collect the certificate from the CSDP and process the receipt of the certification on the BDA system. 3. Deliver the certificate to the client or the TSP and process the delivery on the BDA system. 4. Ensure that scrip deliveries from the CSP to the TSP reflected on USITR and scrip deliveries from the TSP to a client reflected on USTNN are cleared timeously. 		

Question	Reference	Marks
364	Directive FL Table 13	4
What are the functions for which a TSP is responsible regarding the withdrawal of funds?		
<ol style="list-style-type: none"> 1. Authority for third party payments: Obtain written authority from client for third party payments and submit the written authority to the CSP. 2. Electronic payments utilising a bank's payment system: Effect electronic transfer of funds to clients and if effected by the TSP, submit the confirmation of the transfer reflecting the payee's bank account details to the CSP to enable approval and processing thereof. 3. Electronic payments utilising the BDA system: Initiate electronic transfers of funds to clients on the BDA system. 4. Submit written instruction to CSP for cheque payments to clients. 5. Processing of the withdrawal of funds from JSET on the BDA system: Effect the initial processing of the withdrawal of funds on the BDA system where there is dual authorisation of the processing between the TSP and CSP. 		
365	Directive FL Table 13	4
What are the functions for which a CSP is responsible regarding the withdrawal of funds?		
<ol style="list-style-type: none"> 1. Electronic payments utilising a bank's payment system: <ol style="list-style-type: none"> (a) Effect electronic transfers of funds to clients. (b) Approval of withdrawal of funds including examining written authority for third party payments if applicable. 2. Electronic payments utilising the BDA system: <ol style="list-style-type: none"> (a) Release the transfers of funds to clients on the BDA system. 3. Cheque payments: <ol style="list-style-type: none"> (a) Approval of cheque payments including the examination of written authority for third party payments if applicable and effect cheque payments to clients. 4. Processing of the withdrawal of funds from JSET on the BDA system: <ol style="list-style-type: none"> (a) authorise the processing of the withdrawal of the funds on the BDA system when there is dual authorization. (b) Process the withdrawal of funds on the BDA system when there is no dual authorization of the processing between the TSP and CSP. 		
366	Directive FL Table 12	1
What is the function for which a TSP is responsible regarding the inter-account transfers of funds?		
Obtain written authority from client for journal transfers to another client account and submit the written authority to the CSP.		
367	Directive FL Table 12	1
What are the functions for which a CSP is responsible regarding inter-account transfers of funds?		
<ol style="list-style-type: none"> 1. Approval of transfer of funds to another client account after examining the written authority obtained from the client. 2. Process inter-account transfer of funds on the BDA system. 		
368	Directive FL Table14	0.5
Who is responsible for the reconciliation of client credit cash balances with JSET on a daily basis?		
The CSP		

Question	Reference	Marks
369	Directive FL Table 15	1
<p>What is the function for which the TSP is responsible regarding corrections and adjustments to equity securities and fund balances?</p> <p>Advise the CSP of the details of corrections and adjustments to be effected to equity securities and fund balances on client accounts in respect of any errors identified by the TSP.</p>		
370	Directive FL Table 9	0.5
<p>Who is responsible for:</p> <ol style="list-style-type: none"> Balancing the BDA system nominee register to the CSDP controlled custody account daily, and Submitting the monthly nominee register balancing reports to the Director: Market Regulation. <p>The CSP</p>		
371	Directive FL Table 18	2.5
<p>What are the functions for which a TSP is responsible relating to the reconciliation and control of key accounts?</p> <ol style="list-style-type: none"> Investigate the reason for reconciling items in settlement current account and client trust bank account reconciliations. Reconcile and clear reconciling items in non-settlement current bank account reconciliations timeously. Analyse items on unidentified client deposit accounts. Investigate items on unidentified client deposit accounts to determine the identity of the depositor. 		
372	Directive FL Table 18	2.5
<p>What are the functions for which a CSP is responsible relating to the reconciliation and control of key accounts?</p> <ol style="list-style-type: none"> Reconcile, investigate and clear timeously reconciling items on - settlement related and trust bank accounts - dividend and rights accounts - quantity and suspense accounts Ensure that the funds settlement account or controlled client funds settlement account is cleared to zero the day after settlement day for settlement day value. Analyse and investigate items on the unidentified client deposits account to determine the identity of the depositor. Re-allocate deposits after examining documentation obtained by the TSP identifying the depositor. 		
373		
Reserved		
374	Directive FL Table 19	5
<p>What are the functions for which a TSP is responsible relating to monthly client account statements?</p> <ol style="list-style-type: none"> Ensure that controlled client account statements which are produced and distributed by an independent third party are delivered to the clients. Distribute non-controlled client account statements to the relevant clients. Ensure that controlled and investment management client account statements which do not contain postal addresses are received by the clients. Investigate the reasons for statements being returned undelivered and obtain written confirmation of the correct address from the client. Rectify any incorrect addresses on CLMNT with references to the written Confirmation obtained from the client. 		

Question	Reference	Marks
375	Directive FL Table 19	5.5
What are the functions for which a CSP is responsible relating to monthly client account statements?		
<ol style="list-style-type: none"> 1. Collect controlled client & investment management client statements from the person producing such statements, if such statements are not distributed by an independent third party. 2. Distribute non-controlled statements to the relevant clients. Distribute controlled client and investment management client account statements which reflect a mailing address to the clients 3. Deliver controlled and investment management client Account statements which do not reflect mailing addresses to the TSP to be signed for by a senior official of the TSP. 4. Ensure that the return mail address of the CSP is included with the statements 		
376	Directive FL Table 15.1	0.5
Who is responsible for reporting any corrections and adjustments to equity securities and funds balances due to errors on client accounts?		
The TSP		
377	Directive FL Table 15.2	0.5
Who is responsible for processing any corrections (equity securities and funds balances) on client accounts arising out of errors?		
The CSP		
378	Directive FL Table 17	3
What are the functions for which a TSP is responsible regarding BDA system and Swift Alliance Messenger access?		
<ol style="list-style-type: none"> 1. Validate the BDA access provided to a user by the CSP. 2. Validate amendments to user's BDA system access. 3. Jointly advise the JSE in writing of the names and BDA system user identification numbers of the persons at the TSP and/or CSP to whom access to Swift Alliance Messenger should be granted, with specific regard to the segregation of functions and responsibilities set out in Directive FL Table 1.1 para 17.7 & 17.8. 4. Initiate electronic instructions to the TSP's CSDP via Swift Alliance Messenger in respect of withdrawals or transfers of securities held in the TSP's controlled client custody account at the CSDP. 		
379	Directive FL Table 17	8
What are the functions for which a CSP is responsible relating to BDA system and Swift Alliance Messenger access?		
<ol style="list-style-type: none"> 1. Advise the JSE in writing of the name and BDA system user identification number of the person at: <ol style="list-style-type: none"> (a) The CSP to whom update access should be granted to the SECFN function that enables other users to access the various BDA system functions. (b) the TSP to whom validation access to the SECFN function should be granted. 2. Provide update or enquiry access to the various BDA system functions to staff of the CSP and the TSP with specific regard to the segregation of functions and responsibilities set out in this directive FL. 3. Effect amendments to user's BDA system access. 4. Jointly advise the JSE in writing of the names and the BDA system user identification numbers to the persons at the TSP and/or CSP to whom access to Swift Alliance Messenger should be granted, with specific regard to the segregation of functions and responsibilities set out in Directive FL Table 1.1 para 17.7 & 17.8. 5. Initiate electronic instructions to the TSP's CSDP via Swift Alliance Messenger in respect of withdrawals or transfers of uncertificated securities held in the TSP's controlled client custody account at the CSDP. 6. Approve and release electronic instructions to the TSP's CSDP via Swift Alliance Messenger in respect of withdrawals or transfers of uncertificated securities held in the TSP's controlled client custody account at the CSDP. 		

Question	Reference	Marks
380	Directive FL Table 20	2.5
What are the functions for which a TSP is responsible relating to Bond transactions?		
<ol style="list-style-type: none"> 1. Process settlement receipts or payments on the settlement accounts on the BDA system. 2. Process entries to reflect movement of client's holdings in bonds on ACDLU, MANCT, SCRAL, UCTCO, UCXCO and SCRMV. 3. Correction of scrip element of deal contras on GLXOP. 4. Balancing of the BDA system bonds custody records to the records of the TSP's settlement agent. 		
381	Directive FL Table 20	1
What are the functions for which a CSP is responsible relating to Bond transactions?		
<ol style="list-style-type: none"> 1. Process settlement receipts or payments on settlement accounts on the BDA system. 2. Correction of financial element of deal contras on JNLUP. 		
382	Rule 11.20.1	4
What must a member's internal complaint handling procedures provide for?		
<ol style="list-style-type: none"> 1. The receipt of oral or written complaints. 2. The appropriate investigation of complaints. 3. An appropriate decision-making process in relation to the response to a client complaint. 4. Notification of the decision to the client. 5. The recording of complaints. 		
383	Rule 11.20.2	6
What must a member's internal complaint handling procedures be designed to ensure?		
<ol style="list-style-type: none"> 1. All complaints are handled fairly, effectively and promptly. 2. Recurring or systemic problems are identified, investigated and remedied. 3. The number of unresolved complaints referred to the JSE are minimised. 4. Complaints are investigated by an employee of sufficient competence who, where appropriate, was not directly involved in the matter which is the subject of a complaint. 5. The employee responsible for the resolution of complaints has the necessary authority to resolve complaints or has ready access to an employee who has the necessary authority. 6. Relevant employees are aware of the member's internal complaint handling procedures and comply with them. 		
384	Rule 11.30	2
Within what time must a member respond to a client complaint?		
<ol style="list-style-type: none"> 1. Within 4 weeks of receiving the complaint. OR 2. Within such period, provide the complainant with an appropriate explanation as to why the member is not, at the time, in a position to respond. AND 3. Must indicate when the member will respond. 		
385		
Reserved		
386		
Reserved		

Question	Reference	Marks
387	Rule 11.50	2
<p>A member must maintain a record of all client complaints. What must the record of complaints include? AND For how long must the records be maintained?</p>		
<ol style="list-style-type: none"> 1. The records must include: <ol style="list-style-type: none"> (a) The identity of the complainant; (b) the substance of the complaints; (c) all correspondence in relation to the complaint. 2. For a period of 5 years from date of receipt of the complaint. 		
388	Rule 11.60.2	0.5
<p>To whom may a client lodge an unresolved complaint?</p> <p>The Director: Market Regulation.</p>		
389	Rule 1.40	0.5
<p>Define "settlement period"</p> <p>One of the prescribed portions of the year for the settlement of Krugerrands, as set out in the directives.</p>		
390	Rule 15.10.1	0.5
<p>Do the provisions of the Act and the rules and directives which apply to equity securities also apply to transactions in Krugerrands?</p> <p>Yes, where applicable.</p>		
391	Rule 15.10.2	1
<ol style="list-style-type: none"> 1. Is a client entitled to claim or demand from a member Krugerrands which can be related to or identified with any specific transaction? OR 2. Can a selling client insist that the Krugerrands he delivers must be delivered to a specific member in settlement of a particular transaction? <ol style="list-style-type: none"> 1. No. 2. No. 		
392	Rule 15.10.3	0.5
<p>A contract note need not be issued by a member to its client in respect of each transaction in Krugerrands. True or False?</p> <p>False.</p>		
393	Rule 15.10.4	1.5
<ol style="list-style-type: none"> 1. How are Krugerrands required to be delivered between members. 2. When are Krugerrands required to be delivered between members. 3. Is a purchasing member obliged to accept a part delivery in respect of a Krugerrand? <ol style="list-style-type: none"> 1. Directly between members. 2. On any business day of the new settlement period during the hours laid down in JSE directives. 3. No 		

Question	Reference	Marks
394	Rule 15.10.5	3
What procedures must be followed when deliveries of Krugerrands are made between members?		
<ol style="list-style-type: none"> 1. The delivering member must affix its member's rubber stamp to and sign each of the 2 delivery slips produced by the BDA system in pursuance of the transaction. 2. Upon acceptance of the Krugerrands the receiving member must affix its member's rubber stamp to and countersign the 2 delivery slips and retain 1 for its records. 3. The deliverer's copy must be returned to the delivering member. 4. Payment in respect of such deliveries must be effected either by bank marked cheque or electronic transfer of funds as arranged between the delivering and receiving members. 		
395	Rule 15.10.6	1.5
What does acceptance of delivery of Krugerrands by a member or client constitute?		
An acknowledgement by such member or client that the coins have been inspected and are genuine which, in the case of coins held in safe custody, will only be effective upon acceptance out of safekeeping.		
396	Rule 15.10.6	1
When must a purchaser pay a member for Krugerrands which a member has agreed to hold in safe custody?		
Against acknowledgement by the member that coins have so been placed in safekeeping.		
397	Rule 15.10.7	2
What must a member do when Krugerrands purchased on behalf of clients come into its possession?		
<ol style="list-style-type: none"> 1. Allocate them in the member's records as soon as practicable so as to establish the identity of the purchaser. 2. Place the coins in safe custody if mandated to do so. 3. Deliver them to the client if they are fully paid for or offer them to the client for payment. 		
398	Rule 15.10.8	2
What provisions apply where a member and a client enter into an agreement which authorises such member to hold Krugerrands in safekeeping on behalf of the client's CSP?		
<ol style="list-style-type: none"> 1. A signed mandate which must contain the minimum requirements prescribed by the JSE must be obtained from the client. 2. The coins must be deposited by the member in a safe custody container with a banking institution or in a suitable container in the member's safe or in the member's safe in a strong room 3. A register of each mandate and a safe custody ledger must be kept. 		
399	Rule 15.10.9	1.5
How are transactions in Krugerrands required to be recorded in the books of a member?		
On the same basis as a record is maintained in respect of transactions in equity securities except for coin movements which needs not be entered in the securities scrip register but a separate register may be used for that purpose.		
400	Directive HA 1	0.5
How are Krugerrand transactions required to be loaded on the JSE trading system?		
In cents per coin with no fraction of a rand.		

Question	Reference	Marks
401	Directive HA 2	1
How and when are Krugerrand transactions entered and matched on the JSE trading system to be reflected and on what basis?		
<ol style="list-style-type: none"> 1. Reflected on the member's direct account on the next business day, 2. for gross settlement on a trade by trade basis. 		
402	Directive HA 3	0.5
Who arranges to off-set Krugerrand settlements between members?		
The members themselves.		
403	Directive HA 4	0.5
When must Krugerrands which have been withdrawn from safe custody be allocated on the BDA system by the delivering member to the receiving member?		
On the same day.		
404	Directive HA 5 & 6 and 7	1.5
<ol style="list-style-type: none"> 1. Through which offices must settlements in Krugerrands take place if both members have offices in the greater Johannesburg Metropolitan area and 2. Who is responsible for secure and timeous delivery of such items? 		
<ol style="list-style-type: none"> 1. Through such office whether or not head office, branch office or agency office 2. The delivering member. 		
405	Directive HA 7	1
In the event that the receiving member does not have an office in the greater Johannesburg Metropolitan area and the delivering broker has, who is responsible for the timeous settlement of Krugerrands?		
The receiving member provided the delivering member has notified the receiving member accordingly.		
406	Directive HA 7	1
If neither the delivering member nor the receiving member has an office in the greater Johannesburg Metropolitan area, who is responsible for the secure and timeous delivery of Krugerrands?		
The joint responsibility of both as arranged between themselves.		
407	Directive HA 11	1
On payment of the proceeds and receipt of the proceeds of a transaction in Krugerrands, what must both members do?		
Close down the transaction on the BDA system.		
408	Directive HA 12	1
When must Krugerrands be allocated to the purchasing client:		
<ol style="list-style-type: none"> 1. if the client has paid and 2. if the client has not paid? 		
<ol style="list-style-type: none"> 1. on the day of receipt 2. keep the Krugerrands in float until payment is received. 		

Question	Reference	Marks
409	Directive HA 13	2
<p>What must employees of members delivering or receiving Krugerrands display unless the member has, in exceptional circumstances, provided written authority for such person, and received the consent of the other member to do so?</p> <p>An identification card with their:</p> <ol style="list-style-type: none"> 1. Name 2. Photo and 3. Name of the member employing them. 		
410	Rule 1.40	1
<p>Define "beneficial owner"</p> <p>The person in whom the benefits of the bundle of rights attaching to equity securities vest.</p>		
411	Rule 1.40	1
<p>Define "corporate action"</p> <p>An action taken by an issuer or any other entity or third party, which affects the registered owner and the beneficial owner of equity securities in terms of an entitlement.</p>		
412	Rule 1.40	1
<p>Define "registered owner"</p> <p>A person or entity which appears on the main register of an issuer kept in terms of the Companies Act, and a person or entity which appears on the uncertificated securities register of that issuer kept by a CSDP in terms of the Companies Act.</p>		
413	Directive CA	3
<p>Define "circular"</p> <p>Any document sent to registered owners and beneficial owners of listed securities by an issuer of securities (including notices of meetings) but excluding –</p> <ol style="list-style-type: none"> 1. listings particulars 2. company reports 3. proxy forms and 4. corporate action notices. 		
414	Directive CA	0.5
<p>Define "company reports"</p> <p>Annual or interim reports and financial statements.</p>		
415		
<p>Reserved</p>		
416	Directive CA	0.5
<p>Define "CUM"</p> <p>Including or qualifying for an entitlement arising from a corporate action</p>		

Question	Reference	Marks
417	Directive CA	1
Define "Declaration date"		
The business day determined by the issuer on which the corporate action (including any condition precedent to which the corporate action is subject) shall be		
<ol style="list-style-type: none"> 1. announced and 2. captured on SENS. 		
418	Directive CA	1.5
Define "election"		
The exercise of any or all of the		
<ol style="list-style-type: none"> 1. Elective 2. Voting 3. Conversion 4. Redemption or 5. Other rights attached to securities. 		
419	Directive CA	1
Define "election date"		
The business day by which an election in relation to a corporate action must be received by an CSDP.		
420	Directive CA	1
Define "election deadline"		
11h00 on election date by which a member of, if applicable, its CSP must convey to a CSDP an election.		
421	Directive CA	3
Define "entitlement"		
Any one or more of the rights or benefits which flow in respect of the securities with which the rights or benefits are integrated and any other rights or benefits accruing in respect of such securities, other than the right to ownership of the securities themselves.		
422	Directive CA	0.5
Define "event type"		
A classification of a corporate action.		
423	Directive CA	0.5
Define "EX"		
Excluding or non-qualifying for an entitlement arising from a corporate action.		
424	Directive CA	1
Define "finalisation date"		
The business day determined by the issuer on which details of a corporate action become unconditional in all respects and irrevocable.		

Question	Reference	Marks
425	Directive CA	1.5
Define "first day to trade"		
The first business day on which:		
<ol style="list-style-type: none"> any new securities arising from a corporate action are listed and may be traded, and any mother securities are traded "EX". 		
426	Directive CA	1
Define "issuer"		
Any company, any class of whose securities has been admitted, or is the subject of an application for admission, in terms of the Listing Requirements.		
427	Directive CA	1.5
Define "last day to trade"		
The last business day to trade in securities which are subject to a corporate action in order to ensure settlement on Record Date and to qualify for the entitlement.		
428	Directive CA	1
<ol style="list-style-type: none"> Define "LDT + (inserted number)" Define "LDT - (inserted number)" 		
<ol style="list-style-type: none"> The same number of business days as the inserted number after LDT. The same number of business days as the inserted number before LDT. 		
429	Directive CA	0.5
Define "listed company"		
A company, any class of whose securities are listed.		
430	Directive CA	0.5
Define "mother share"		
The Security on which the corporate action has been declared.		
431	Directive CA	2
Define "notice"		
Any notification in writing to the registered owners and beneficial owners of securities by an issuer of securities for the purpose of informing such owners of a corporate action.		
432	Directive CA	1.5
Define "odd lot"		
A quantity of securities which is less than 100 shares. In certain circumstances, an odd lot may be defined by an issuer and approved in terms of the Listing Requirements as any quantity of securities less than a specified quantity.		

Question	Reference	Marks
433	Directive CA	1
Define "payment date"		
The business day on which entitlement will be paid or distributed in cash or securities as the case may be.		
434	Directive CA	1.5
Define "projected holding"		
For the purpose of an election the total holding of securities as at LDT adjusted for any unsettled transactions in the affected securities that are due to settle on or before Record Date.		
435	Directive CA	1.5
Define "proxy form"		
A document issued to registered owners and beneficial owners of listed securities by an issuer of securities for the purpose of enabling registered owners to vote at a meeting of shareholders.		
436	Directive CA	1
Define "publication"		
In relation to a transaction, the disclosure of the price and quantity of securities traded to the equities market via the JSE systems.		
437	Directive CA	0.5
Define "ratio"		
Any basis of the entitlement reflected as a ratio, which shall be depicted to 5 decimal places.		
438	Directive CA	0.5
Define "R.D."		
Record date.		
439	Directive CA	1
1. Define "RD + (inserted number)"		
2. Define "RD - (inserted number)"		
1. The same number of business days as the inserted number after the RD.		
2. The same number of business days as the inserted number before the RD.		
440	Directive CA	1
Define "Record Date"		
The business day determined by the issuer on which the holding, upon which the entitlement is based, is ascertained.		
441	Directive CB 1	1
Define "Capital Reduction with Cash Pay-out"		
An event where payment of cash is made to registered owners when excess capital held by the company is distributed.		

Question	Reference	Marks
442	Directive CB 2	0.5
Define "Capital Reduction with Securities pay-out"		
An event where a distribution of:		
1. New securities or a		
2. New class of securities is made to registered owners when excess capital held in the company is distributed.		
443	Directive CB 3	1
Define "Capital Repayment (Full)"		
An event where the issuer repays the entire issued capital in respect of one or more classes of securities to registered owners.		
444	Directive CB 4	0.5
Define "Capital repayment (Partial)"		
An event where the issuer repays a part of the issued capital in respect of one or more classes of securities to registered owners.		
445	Directive CB 5	0.5
Define Capitalisation Issue. (including "Bonus Issue" and a "Capitalisation award")		
An event where fully paid shares capitalised from an issuer's reserves, are issued to existing registered owners in proportion to the holdings on RD.		
446	Directive CB 6	0.5
Define "Cash Dividend"		
An event where an issuer distributes reserves in cash to the registered owners.		
447	Directive CB 7	1
Define "claw back offer"		
An event where an issuer issues securities for cash to a third party and that third party offers all or a portion of such securities to registered owners, in proportion to their holdings.		
448	Directive CB 8	1
Define "consolidation"		
An event where the number of issued shares of a class is consolidated into a lesser quantity of shares of the same class with a corresponding increase in the par value of the resultant number of issued shares of the same class. The effect of consolidation is that the number of shares of the same class in issue reduces but the total nominal value of the issued share capital in respect of that class remains the same.		
449	Directive CB 9	1
Define "conversion – auto (full)"		
An event where all of the issued securities of a class are automatically converted into new securities of a different class by the issuer, without an election.		

Question	Reference	Marks
450	Directive CB 10	1
Define "conversion – auto (partial)"		
An event where a portion of the issued securities of a class is automatically converted into new securities of a different class by the issuer, without an election		
451	Directive CB 11	1
Define "conversion - Election (full)"		
An event where the registered owners, where applicable acting on instructions of beneficial owners are entitled to elect whether they wish to convert all of the issued securities of a class held by them into new securities of a different class.		
452	Directive CB 12	1
Define Conversion - Election (Partial)		
An event where the registered owners, where applicable acting on instructions of beneficial owners, are entitled to elect whether they wish to convert a specified portion of the issued securities of a class held by them into new securities of a different class.		
453	Directive CB 13	1
Define "dividend option"		
An event where an issuer distributes reserves to registered owners, and the registered owner, where applicable acting on the instructions of the beneficial owner, has the option to elect either capitalisation shares or cash.		
454	Directive CB 14	1
Define "interest payment"		
An event where interest is paid to registered owners of interest bearing securities, at a fixed or variable rate.		
455	Directive CB 15	1.5
Define " A Liquidation Payment" (interim and Final).		
An event where the payment of cash to Registered owners is made on the winding up of the company and subsequent termination of securities. A liquidation payment can be made in stage (Interim and Final) Interim liquidation payment, the cash entitlement will be paid out whilst securities are still listed. Final liquidation payment, the payment has been made, the securities will be de-listed.		
456	Directive CB 16	0.5
Define "name change"		
An event where the registered name of a company is changed		

Question	Reference	Marks
457	Directive CB 17	4
Define "new listing"		
An event where a new type or class of securities is to be issued by an issuer and listed on the JSE. As a result of:		
<ol style="list-style-type: none"> 1. A Public Offer: an offer to the public to subscribe for securities 2. A Private Placing: a private placing: a non-renounceable offer to specified persons or entities identified by the issuer to subscribe for securities or 3. A preferential offer: an offer to some or all <ol style="list-style-type: none"> (a) directors (b) employees (c) pensioners and (d) direct business associates of the issuer to subscribe for securities. 		
458	Directive CB 18	1.5
Define "odd lot offer"		
An event where a listed company offers all registered owners of odd lots the option of either:		
<ol style="list-style-type: none"> 1. electing to retain their odd-lot holding 2. electing to top up their holding to a round lot of securities or 3. electing to sell their holdings and <p>failing an election, the odd lot will be sold for the benefit of registered owners.</p>		
459	Directive CB 20	1
Define "redemption without election"		
An event where an issuer repays the redeemable preference share capital or the debenture securities in full to registered owners, in cash or new securities, as stipulated by the issuer prior to Finalisation Date.		
460	Directive CB 21	4
Define "Rights Offer"		
An event where an offer is made by an issuer to registered holders to:		
<ol style="list-style-type: none"> 1. subscribe for further securities or 2. purchase securities held by the issuer in other issued securities in proportion to their existing holdings. 		
This offer is made either by means of		
<ol style="list-style-type: none"> 1. the issue of a renounceable letter of right that may be sold, taken up or lapsed or 2. by the issue of a non-renounceable letter, which may only be taken up or lapsed. 		
461	Directive CB 22	3
Define "scheme of arrangement"		
An event where registered owners are obliged to dispose of the relevant securities in terms of a scheme for a consideration which:		
<ul style="list-style-type: none"> - May or may not be subject to an election as to its content; and if so, - where the registered owner (where applicable acting on instructions of beneficial owners) may exercise the election. 		
The scheme shall have been:		
<ol style="list-style-type: none"> 1. proposed in terms of section 155 of the Companies Act; 2. approved by registered owners; 3. sanctioned by the High Court; and 4. registered by the Registrar of Companies. 		

Question	Reference	Marks
462	Directive CB 23	1.5
Define "sub-division"		
<p>An event where the number of issued shares of a class is split into a greater quantity of shares of the same class with a corresponding decrease in the par value of the resultant number of shares of the same class. The effect of the sub-division is that the number of shares of the same class in issue increases but the total nominal value of the issued share capital remains the same.</p>		
463	Directive CB 24	0.5
Define "termination"		
<p>An event where the listings status of securities on the JSE is withdrawn</p>		
464	Directive CB 25	5
Define "unbundling"		
<p>An event where an issuer distributes in specie to the registered owners, whether by way of:</p> <ol style="list-style-type: none"> 1. A dividend (including a liquidation dividend). 2. A total or partial reduction of capital (including any share premium). 3. A redemption of redeemable preference shares. 4. An acquisition of shares in terms of Section 48 of the Companies Act. OR 5. All or any part of any securities in another issuer whose securities are, or are about to be, listed and which securities are held by the issuer or by a subsidiary of such issuer. 		
465	Directive CB 26	3
Define "a special corporate action"		
<p>Any event which varies from, or is not covered by, or is a combination of, any of the classifications of corporate actions set out in Directive CB, provided such corporate action is first approved in writing by the Listings Advisory Committee of the JSE.</p>		
466	Directive CB 19	1.5
Define "redemption with election"		
<p>An event where an issuer repays the redeemable preference share capital or the debenture securities in full to the registered owners. The registered owner, where applicable acting on the instructions of the beneficial owner, has the option to elect either a cash repayment or new securities.</p>		
467	Directive CD 1	1
How many days before RD is a corporate action required to be announced on SENS?		
At least 15 business days.		
468	Directive CD 3	0.5
During what period is dematerialization or re-materialization of the affected securities not permitted?		
During the period RD - 2 to RD.		

Question	Reference	Marks
469	Directive CD 4	0.5
<p>What is the last day a security can trade CUM a corporate action and how many business days is such day after finalization date?</p> <p>LDT at least 5 business days after Finalisation Date.</p>		
470	Directive CD 5	0.5
<p>On which day will securities be treated as "ex" the corporate action?</p> <p>LDT + 1 or First Day to Trade.</p>		
471	Directive CD 6	1.5
<p>1. On or before what day are affected parties required to make an election? and 2. How many business days must such day be after LDT?</p> <p>1. Election Day 2. Third business day after the LTD (LDT +3)</p>		
472	Directive CD 7	0.5
<p>On which holdings are beneficial owners, members or CCSP's required to base their election in a corporate action?</p> <p>On the projected holdings as at RD.</p>		
473	Directive CD 10	0.5
<p>On what business day may dematerialisation and rematerialisation of an affected security re-commence?</p> <p>On payment date (RD+1).</p>		
474	Directive CD 13	1
<p>What is the responsibility of a member or its CSP regarding conveying the election decision to that member's CSDP?</p> <p>To convey the election decision by not later than the relevant deadline whether in terms of:</p> <p>1. a standing mandate, or otherwise 2. a specific mandate</p>		
475	Directive CE 4	1.5
<p>Following which corporate events is a member, and where applicable that member's CSP, required to make an election and convey the decision to the relevant CSDP by the election deadline? Itemise 6 of them.</p> <p>1. Claw Back Offer. 2. Conversion - Election (Full). 3. Conversion - Election (Partial). 4. Dividend Option. 5. Odd Lot Offer. 6. Proxy for voting at any meeting of the issuer. 7. Redemption with Election. 8. Rights Offer. 9. Schemes of Arrangement (with election).</p>		

Question	Reference	Marks
476	Directive CF 1	1
How frequently are members required to reconcile designated corporate action control accounts?		
<ol style="list-style-type: none">1. As frequently as is appropriate for the volume of transactions on the control accounts, and2. in any event not less than every 2 days.		
477	Directive CF 2	1
Within how many days are members required to correct any differences, other than timing differences on corporate action control accounts, between the records of the member and those of its CSDP?		
Within 5 days of the Payment Date of the specific corporate action.		
478	Directive CF 3	1
Within how many days are members required to correct any differences between the designated corporate action control account and the total of the underlying entitlements allocated to controlled accounts?		
Within 5 days of the Payment Date of the specific corporate action.		
479		
Reserved		