

JSE Clear Public Description

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JSE Clear, a private company, is a wholly owned subsidiary of the JSE Ltd (“JSE”). JSE Clear is licensed by the Registrar of Securities Services as a clearing house as defined in the Financial Markets Act (“FMA”). JSE Clear is thus the appointed clearing house of the JSE for Derivatives and Cash Bonds. The main objective of JSE Clear is to act as clearing house and central counterparty (“CCP”) and to clear and risk manage transactions in securities listed on the JSE’s Derivatives, Interest Rate and Currency markets. Currently the listed securities cleared by JSE Clear are options on futures contracts and futures contracts in the equity derivatives, commodity derivatives, currency derivatives, interest rate derivatives and spot bond markets of the JSE.

JSE Clear operates as a central counterparty (“CCP”) by interposing itself between parties to transactions in listed securities on the markets operated by the JSE. JSE Clear also acts as collecting agent for all trading fees due to the JSE.

In order to optimise the operation of the clearing house, the company has appointed and therefore mandates the JSE to perform the operating functions, risk management services, declaration of defaulting members and clearing house services (“the services”) on its behalf. The provision of these services is governed by the applicable contract between the JSE and JSE Clear as well as the applicable JSE rules.

The Director: Post Trade Services Division of the JSE is the individual who has been designated as the officer responsible (“RO”) for ensuring that the services are delivered in accordance with the JSE rules and contractually agreed service levels. By virtue of the fact that the JSE performing the services:

- all staff utilised by JSE Clear are employed or contracted by the JSE;
- all systems and equipment necessary to perform the operating functions are owned and managed by the JSE, or a JSE Vendor; and
- JSE Clear’s funds are managed on its behalf by the JSE, in accordance with the JSE Clear investment policy.

Legislative framework and process

JSE Clear shall ensure that it maintains its status as a recognised clearing house in terms of the FMA and complies with the requirements of any subsequent legislation.

In terms of regulating the market with regard to clearing and settlement, any proposed rule changes are subject to a robust engagement and approval process.

Governance framework and process

The JSE Clear Board of Directors is made up of the following people:

- GC Buchner
- L Currie

- LG Ford
- A Greenwood
- HB Khumalo-Dankelmann
- NF Newton-King
- FJ Oosthuizen (Independent Member)¹
- LV Parsons

The JSE Clear Board Charter sets out the specific responsibilities to be discharged by the JSE Clear Board members collectively, as well as the roles and responsibilities incumbent upon directors as individuals. It seeks further to ensure that all Board members acting on behalf of JSE Clear are aware of the various legislation and regulations affecting their conduct. The JSE Clear Board further aims to apply the principles of King III.

Given the nature of the clearing house business conducted by JSE Clear, it is imperative to inter alia ensure that an integrated risk-based approach is established and implemented. The focus is to identify, assess and implement controls for all the major risks that the company is exposed to.

JSE Clear endeavours to mitigate its risk by ensuring that the appropriate controls, systems practices and ethics are implemented. Accordingly, the JSE Clear Board, has appointed a Risk Management Committee which is a formal sub-committee of the board which will assist the board in the discharging of its duties and responsibilities in relation to risk management.

¹ The JSE applies the King III definition for an independent member which excludes parties with significant business relationships with the FMI, cross-directorships, or controlling shareholdings, as well as employees of the organisation