

**Questions and Answers
For The
JSE Settlement Officer Examination**

**August 2006 Version 1
Office of the Settlement Authority**

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 Securities Services Act, 2004, 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.

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Question	Answer	Reference	Marks
1			
Define "ACT"	Means the Securities Act, 2004 (Act no.36 of 2004) and any measure prescribed thereunder by the Minister of Finance or the Registrar	Rule 1.40	0.5
2			
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)	Act Sec 1	0.5
3			
Define "BDA system"	Means the Broker Deal Accounting system operated by the JSE.	Rule 1.40	0.5
4			
Define "Companies Act"	Means the Companies Act, 1973 (Act no.61 of 1973).	Rule 1.40	0.5
5			
Define "controlling body"	The board of directors of the JSE which is the governing body managing the affairs of the JSE.	Rule 1.40	0.5
6			
Define "derivative instrument"	Means any - (a) financial instrument; or (b) contract - that creates rights and obligations and that derives its value from the price or value, or the value of which may vary depending on a change in the price or value of some other particular product or thing.	Act Sec 1	1
7			
Define "in writing"	In relation to anything which, in terms of the Act, Rules and Directives must be done in writing, includes such things done in electronic form.	Act Sec 1	0.5
8			
Define "JSE equities trading system"	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.	Rule 1.40	1
9			
Define "JSET"	Means JSE Trustees (Pty) Ltd	Rule 1.40	0.5
10			
Define "JSE year"	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.	Rule 1.40	0.5

Question	Answer	Reference	Marks
11			
Define "Republic"	Means the Republic of South Africa.	Rule 1.40	0.5
12			
Define "SENS"	The Securities Exchange News Service or any other communication mechanism which the JSE uses to communicate corporate action notices.	Rule 1.40	0.5
13			
What is the purpose of the rules and directives?	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.	Rule 2.30.1	3
14			
Who are the directives binding on?	The directives are binding on members and their employees.	Rule 2.30.2	0.5
15			
Who are the rules binding on?	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.	Rule 2.30.2	1.5
16			
On what specific condition must every transaction in equity securities entered into by a member be concluded?	On the specific condition that the transaction is entered into subject to the Act, the rules and the directives.	Rule 2.40	0.5
17			
With whom does the interpretation and enforcement of the rules and the directives vest?	The controlling body.	Rule 2.50	0.5
18			
What is the rule regarding Settlement systems ?	The JSE may prescribe :- 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.	2.90	1

Question	Answer	Reference	Marks
19			
What is the purpose of JSE Trustees (Pty) Limited ?	<p>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.</p> <p>2. To repay such members the funds which are required to be repaid to clients by the member.</p> <p>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.</p>	2.100.4	3
20			
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.	2.100.8	1
21			
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.	Rule 1.40	1
22			
Define "branch office"	An office of a member, other than its primary or head office, which can perform trading services and investment services.	Rule 1.40	1
23			
Define "JSE listed securities"	Those listed securities included in the list of securities kept by the JSE.	Rule 1.40	0.5
24			
Define "member"	An equities member, which is a category of authorised user admitted to membership of the JSE under these rules.	Rule 1.40	0.5
25			
Define "client"	Means any person who uses the services of an authorised user or a participant, as the case may be.	Act Sec 1	0.5
26			
Reserved			
27			
Define "Registrar"	Means the Registrar or Deputy Registrar of security services referred to in Section 5 of the Act.	Act Sec 1	0.5

Question	Answer	Reference	Marks
28			
Define "regulated services"	Those securities services and other activities which are regulated by the JSE and which the JSE authorises members to perform, namely : (a) trading services; (b) investment services; (c) custody services; and (d) money broking.	Rule 1.40	2.5
29			
Define "trading services provider"	A member which has been authorised by the JSE to perform trading services in terms of the rules.	Rule 1.40	1
30			
Define "TSP"	A trading services provider.	Rule 1.40	0.5
31			
What are the requirements to be authorised to perform custody services?	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 on an ongoing basis. 3. If an authorized CSP provides custody services to controlled clients it must establish and maintain a nominee company approved by the JSE.	Rule 3.70	3
32			
What are the requirements to conduct money broking activities?	1. An applicant for membership or a member 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.	Rule 3.80	3

Question	Answer	Reference	Marks
33			
A member who operates controlled client accounts is required to establish and maintain a nominee company. What requirements must be met?	<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. 3. 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. 4. The powers of the nominee company must be limited to the sole objective of the nominee company and any other acts necessary to achieve the sole objective. 5. 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 	Rule 3.90	6
34			
What information must be furnished to the JSE in writing by a member in respect of its membership status?	<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 in 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. 	Rule 3.150	12

Question	Answer	Reference	Marks
35			
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?	Because the JSE provides specific safeguards and protections to clients of members.	Rule 3.170	1
36			
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.		Directive AB 1 and AB 2	1
1. Within the common Monetary area (i.e. Lesotho).	1. The JSE.		
2. Outside the common monetary area.	2. The JSE and the Exchange Control Department of the SA Reserve Bank.		
37			
Whose prior consent is required to open or maintain a branch office or agency office?	The JSE.	Directive AC	0.5
38			
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	1. Subject to the written approval of the JSE. 2. If, in the opinion of the Director: Surveillance, the host member is adequately staffed and its administration is being conducted in an expert and orderly manner with all requisite controls in place.	Directive AM	1.5
39			
Define "alternate settlement officer"	An employee of either a member or a CSP appointed by such a member, fulfilling the function of the settlement officer in the settlement officer's absence.	Rule 1.40	1
40			
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.	Rule 1.40	1

Question	Answer	Reference	Marks
41 Define "employee"	An individual engaged by a member whose function relates to the provision of regulated services.	Rule 1.40	0.5
42 Define "JSE"	Means JSE Limited, a company duly registered and incorporated with limit liability under the company laws of the Republic, licensed to operate an exchange under the Act.	Rule 1.40	1
43 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.	Rule 1.40	1
44 Define "JSE Gazette"	Means the official Gazette published under the authority of the JSE Executive.	Rule 1.40	0.5
45 Define "market controller"	The person appointed by the JSE to supervise, administer and control the daily operations of the JSE equities trading system.	Rule 1.40	0.5
46 Define "officer" in relation to a member.	Includes any executive director, compliance officer, settlement officer or alternate settlement officer thereof.	Rule 1.40	1
47 Define "settlement officer"	An employee of a member 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.	Rule 1.40	1
48 Which examination is a person to be appointed as a settlement officer or alternate settlement officer required to have passed and what may the member be required to evidence to the Settlement Authority if called upon to do so regarding the continuing obligations of the appointee 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. 	Rule 4.40.1 & 2	1

Question	Answer	Reference	Marks
49			
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. 5. Co-operate with the SA to ensure the efficient and timeous settlement of all transactions. 	Rule 4.40.1 & 1	3.5
50			
Can a member conduct its business in the absence of a duly appointed settlement officer or alternate settlement	No, except where the Settlement Authority may otherwise direct.	Rule 4.40.5	1
51			
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	4.40.40	0.5
52			
Where a member has appointed a CSP to effect settlement of transactions in equity securities on behalf of that member and it's clients, who has ultimate responsibility for ensuring that settlement takes place?	The member	4.40.6	0.5
53			
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. 	Directive DA 1 to 3	2

Question	Answer	Reference	Marks
54			
What are the minimum requirements of the Securities Services Act regarding the content of a member's accounting	Records to contain details of: * Receipts and Payments, both own and clients; * Income and expenditure, explaining the nature thereof; * Assets and Liabilities; * Purchases and Sales, both own and clients; * Receipts and despatch of documents of title; and * Securities and documents of title in the possession or control of the member showing: <ul style="list-style-type: none"> • physical location; • beneficial holder; • purpose for which held. 	Directive DA 1.4	3
55			
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.	Directive DA 1.5	1
56			
Details of certain transactions in JSE authorised investments executed by a member on behalf of clients need not be recorded in the BDA system. (a) which are they?	1. Securities listed on an external exchange. 2. 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. 3. Units or any other form of participation in a collective investment scheme licensed or registered in a foreign country. AND 4. Any other financial product, other than JSE authorised investments.	Directives DA 1.11	3
(b) must all receipts and payments relating to such transactions be recorded in the BDA system?	Yes.		
(c) must the transactions recorded in the other system comply with the directives and the Act relating to the maintenance of accounting records?	Yes.		

Question	Answer	Reference	Marks
57			
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?	<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. 	Directive DA 2.1	5
58			
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?	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 value do not adversely affect the member's ability to meet its financial resources requirements.	Directive DA 2.2	1
59			
By what day of the month are members required to submit returns reflecting members risk positions and its financial resources to the Director:Surveillance?	By the tenth day of each month in respect of the close of business for the previous month.	Directive DB 1.1	0.5
60			
Within how many months of a member's financial year end must the following reporting statements be submitted to the Director: Surveillance? Annual financial statements, Annual reconciliaton statement, Auditor's special reports.	3 Months.	Directives DB 1.1	0.5
61			
What requirements must the Accounting Services utilised by members comply with ?	The requirements of section 89 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.	Dir DE 1	1
62			
Can the JSE decide that a special audit of a member be conducted either by the JSE Surveillance Department or an auditing firm nominated by it?	Yes.	Directive DK	0.5

Question	Answer	Reference	Marks
63			
Members are required to notify the Director Surveillance when certain events take place or are likely to take place. Itemise these events.	<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 ALC 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. 	Directive DL	4.5
64			
What is a member required to ensure in connection with the production and distribution of client statements?	<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. 	Directive DN	6
65			
Define "contra trade"	A transaction to correct an erroneous central order book trade that is equal and opposite to that trade and which is entered on the same business day as the original trade.	Rule 1.40	1
66			
Define "normal market size"	A quantity of an equity security as specified by the Market Controller from time to time.	Rule 1.40	0.5
67			
Define "post contra trade"	A transaction to correct an erroneous central order book trade that is equal and opposite to that trade and which is entered on the business day following the original trade.	Rule 1.40	1

Question	Answer	Reference	Marks
68	Define "professional client" in relation to a member.	Rule 1.40	8
	<p>(a) another authorised user;</p> <p>(b) a bank;</p> <p>(c) 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;</p> <p>(d) a person outside the Republic who -</p> <p>(i) as a regular feature of the person's business, renders a service similar to a "securities service" as defined in section 1 of the Act or conducts the business of a bank or a business referred to in paragraph (c); and</p> <p>(ii) is registered, licensed, recognised, approved or otherwise authorised to render the service or conduct the business referred to in paragraph (d)(i) by a foreign regulator with functions similar to those of the Registrar, the Registrar of Banks or the Registrar of Long-Term or Short-Term Insurance;</p> <p>(e) 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;</p> <p>(f) 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 -</p> <p>(i) a natural person;</p> <p>(ii) a pension fund organization as defined in section 1 of the Pension Funds Act, 1956;</p> <p>(iii) a friendly society referred to in the Friendly Societies Act, 1956;</p> <p>(iv) a medical scheme as defined in section 1 of the Medical Schemes Act, 1998.</p>		
69	Define "professional market participant"	Rule 1.40	1
	Means a financial services provider licensed in terms of section 8 of the FAIS Act.		
70	Define "reported transaction"	Rule 1.40	1
	A transaction executed off the central order book and reported to the JSE equities trading system by a member.		
71	Define "reported transaction correction"	Rule 1.40	0.5
	A cancellation of a previously reported transaction.		

Question	Answer	Reference	Marks
72			
Reported transactions do not have to be executed through the central order book. What type of transactions may validly be reported by the selling member to the JSE equity trading system?	<ol style="list-style-type: none"> 1. Block trades (BT). 2. Asset swaps (AS). 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. Contra trades (CT). 11. Post contra trades (PC). 12. Reported transaction corrections. 13. Delta trades (OD). 	Rule 6.30.1	3.5
73			
By whom and by what time are reported transactions required to be reported to the JSE trading system if conducted? <ol style="list-style-type: none"> 1. During trading hours. 2. After trading hours. 	<p>By the selling member.</p> <ol style="list-style-type: none"> 1. Immediately. 2. Within 15 minutes of the commencement of the market opening on the next business day. 	Rule 6.30.2	1.5
74			
Which types of reported transactions are not published?	<p>Exercise of options. Exercise of warrants. Exercise of traded option. Delta trades.</p>	Rule 6.30.2.3	2
75			
What is a block trade?	<p>A reported transaction where a member acts as a principal or agent in a single equity security and the transaction:</p> <ol style="list-style-type: none"> 1. Has a minimum value of R5 million. 2. Comprises at least 20 times market size. 	Rule 6.30.3	2.5
76			
What is an asset swap?	<p>A reported transaction which complies with all the asset swap requirements of the South African Reserve Bank.</p>	Rule 6.30.4	1
77			
What is a corporate finance transaction?	<p>A reported 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. 	Rule 6.30.5	1.5
78			
What is a portfolio transaction?	<ol style="list-style-type: none"> 1. It has a minimum value of R15 million. 2. Comprises at least 10 different equity securities none of which exceeds 25% of the value of the portfolio. 	Rule 6.30.6	2

Question	Answer	Reference	Marks
79			
Under what circumstances may the Director: Surveillance instruct members to enter : 1. A contra trade. 2. A post contra trade. 3. Perform a reported transaction correction without having received a formal request to do so by any member?	If in his opinion an : 1. Automated trade; 2. Auction trade; or 3. Reported transaction materially impacts the integrity or transparency of the market or the correctness of the statistics.	Rule 6.50.3	2
80			
What is a late trade?	The transaction is: 1. Executed by a member acting on behalf of a client, in fulfilment of any order already entered into the JSE equities trading system, and where either the buyer or the seller is a foreign professional market participant. 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 period, at a price which can only be established after the closing auction call period. 3. Executed by a member for or on behalf of a professional market participant in fulfilment of an order received after trading hours, where the buyer or the seller is a foreign professional market participant.	Rule 6.30.7	6
81			
What is a delta trade?	Is a transaction where a member trades as a principal with another member, who also trades as principal, in a single equity security where the transaction transfers the delta hedge from one member to another member in respect of a derivative transaction which has been reported to either the JSE derivative trading system or the derivative trade recording system referred to in the directives.	Rule 6.30.8	3
82			
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 : (a) has a minimum value of R500 000; and (b) comprises at least six times the normal market size. except where the transaction is with a foreign professional market participant in which case no minimum value or quantity of equity securities will apply.	Rule 6.40.1	3

Question	Answer	Reference	Marks
83			
Until when may the details of an off order book principal trade be delayed for publication?	It may be delayed for publication until the earlier of : (a) 80% of the risk profile of the transaction having been unwound, in which case the details of the transaction must be immediately released for publication by the member; or (b) the following business day.	Rule 6.40.2	1.5
84			
Who may grant permission to or instruct the respective members to execute a contra trade, a post contra trade or a reported transaction correction?	The Director: Surveillance.	Rule 6.50.1	0.5
85			
Under what exceptional circumstances will a contra or post contra trade be considered?	If the trade meets at least the following requirements: (a) the request is received by the Director: Surveillance within 20 minutes from the time of the erroneous trade; and (b) the price of the trade or trades for which the contra trade is requested is 5% or more away from the reference price immediately before the erroneous trade occurred; and © 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 (d) the quantity of shares traded exceeds 5% of the equity security in issue.	Rule 6.50.2	4
86			
Under what circumstances may the Director: Surveillance declare an unreasonable transaction void?	Where, for 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 his opinion is unreasonable.	Rule 6.70	1
87			
Define "pre-issued trading"	Transactions effected in pre-issued securities in accordance with the rules.	Rule 1.40	0.5
88			
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.	Rule 1.40	2

Question	Answer	Reference	Marks
89			
On what terms and conditions will settlement be made in transactions effected during the period of pre-issued trading if the listing is approved?	On the same terms as all other transactions in equity securities.	Rule 6.60.2	1
90			
What are the consequences if a listing of pre-issued securities does not commence on the intended commencement date of official trading?	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.	Rule 6.60.3	1.5
91			
When may a member execute transactions in pre-issued securities?	Only during the period permitted by the JSE.	Rule 6.60.1	0.5
92			
Define "foreign client"	A client who does not reside in the Republic.	Rule 1.40	0.5
93			
Define "foreign investment"	"Foreign investment" means the following JSE authorised investments: (a) securities listed on an external exchange; (b) 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; (c) units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; and (d) foreign funds intended for the purchase of such securities, units participation.	Rule 1.40	3
94			
Define "money broking transactions"	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.	Rule 1.40	1.5

Question	Answer	Reference	Marks
95			
What are the general standards of integrity which members are required to observe in their dealings with clients and the JSE?	A member must : (a) not knowingly circulate information which is false or misleading; (b) not knowingly countenance any attempt to manipulate the market, nor to influence persons for such a purpose; (c) 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 (d) 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.	Rule 8.10.1	3
96			
What are the general standards of conduct which a member is required to observe in its dealings with a client?	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.	Rule 8.10.2	3
97			
What are the general standards regarding disclosure of information to clients?	1. The information must be : (a) factually correct; (b) provided in plain language; (c) adequate and appropriate, in the circumstances. 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.	Rule 8.10.3	5

Question	Answer	Reference	Marks
98			
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. 4. All client particulars required to be provided in terms of the rules or which are necessary for the effective operation of client accounts. 	Rule 8.10.4.2	4
99			
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. 	Rule 8.10.4.5	2
100			
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.	Rule 8.10.6	0.5
101			
What are the general standards of conduct which a member is required to observe regarding co-operation with the JSE as its regulator?	<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. 	Rule 8.10.7	2
102			
What information must a member obtain and maintain for each client account?	<p>Sufficient information to enable it to identify :</p> <ol style="list-style-type: none"> 1. The client. 2. The beneficial owner of a controlled client account if the account holder is not a client but is an agent of the client. 3. The person responsible for placing instructions on the account. 	Rule 8.60.1	1.5
103			
What is the minimum information that a member must obtain in respect of each client?	<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. 	Rule 8.60.2 & 3	2.5

Question	Answer	Reference	Marks
104			
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?	<ol style="list-style-type: none"> 1. Full name. 2. Identity number or registration number. 	<p>Rule 8.60.2</p>	1
105			
Is a member permitted to open a client account with a name other than that of a person with legal status?	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>Rule 8.60.3</p>	1
106			
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?	<ol style="list-style-type: none"> 1. Full name. 2. Identity number. 3. Physical and postal addresses. 4. Telephone number. 	<p>Rule 8.60.4</p>	2
107			
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"> 1. All of the information must be confirmed by the client in writing and the member must maintain a record of such confirmation. 2. 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. 	<p>Rule 8.60.5 & 6</p>	3
108			
What are the various types of account holder which a member is required to identify?	<ol style="list-style-type: none"> 1. Private individual 2. Company 3. Close Corporation 4. Private Trust 5. Partnership 6. Joint Venture 7. Syndicate 8. Investment club 9. Pension or Provident fund 10. Mutual fund or collective invest. 11. Government agency 12. Public utility 13. Religious, educational or welfare organisations. 	<p>8.60.3.3</p>	3.5

Question	Answer	Reference	Marks
109			
What are the rules relating to members commission and fees in transactions in JSE authorized investments?	<ol style="list-style-type: none"> 1. Prearranged mutually agreed <ul style="list-style-type: none"> - commission maybe charged in respect of agency tranactions - fee maybe charged in respect of principal transaction. 2. A member may not make a profit in an agency transaction other than the commission. 3. An ISP may charge a client a negotiated fee either : <ul style="list-style-type: none"> - related to performance or; - as a percentage of the assets managed or; - any other basis ageeable to the client. 	8.100.1/2/ 3	3
110			
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"> 1. The rate at which such fee or charge will be determined. 2. The manner of calculation of such fee. 3. The actual fee. 	Rule 8.100.4	1.5
111			
By what time is a member required to: <ul style="list-style-type: none"> - issue a client a contract note; 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.	Rule 8.110.1	0.5
112			
What shall a contract note or electronic confirmation of a transaction in equity	<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. 	Rule 8.110.2	3

Question	Answer	Reference	Marks
113			
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 : <ul style="list-style-type: none"> - in the name of the client; or - 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. 	Rule 8.110.3/4/5/6	5
114			
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. 6. The option which the member may elect if the client fails to advise the member of their election before the relevant deadline. 	Rule 8.140	6
115			
What must a member do before conducting money broking transactions for clients?	Obtain specific authorisation from the JSE to do so.	Rule 8.150.1	0.5
116			
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.	Rule 8.150.2 & 3	1

Question	Answer	Reference	Marks
117			
What are the two types of bank accounts that a member may open to conduct money broking transactions on behalf of a client?	<ol style="list-style-type: none"> 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. 2. An account in the name of the client with the bank forwarding account statements directly to the client. 	Rule 8.150.4 & 7	2
118			
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?	The conditions published by the Registrar of Banks under paragraph (gg) of the definition of "the business of a bank" in the Banks Act.	Rule 8.150.5	1
119			
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?	Deposit the funds with JSET for same day value pending the deposit of the funds with the relevant bank.	Rule 8.150.8	1
120			
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>A) R5 000.</p> <p>B) 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>	Rule 8.170	1.5
121			
At what intervals must a member provide statements to its clients?	<ol style="list-style-type: none"> 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 open 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. 	Rule 8.180.2	3

Question	Answer	Reference	Marks
122			
List 5 items of information which a client's statement must contain?	<ol style="list-style-type: none"> 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. 	Rule 8.180.4	5

Question	Answer	Reference	Marks
123			
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 maintain its trust account, authority in a form prescribed by the committee.	Directive BD 1.1	0.5
124			
What are the only circumstances in which a member is permitted, with the prior written concurrence of the Director: Surveillance, 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?	<ol style="list-style-type: none"> 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: Surveillance is required. 	Directive BD 1.3 & 1.4	2
125			
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.	Directive BD 2.1 & 2.2	0.5
126			
Under what circumstances are sundry client accounts permitted to be used?	By prior arrangement with the Director: Surveillance 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.	Directive BI 1.1	1
127			
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.	Directive BI 1.2	1.5
128			
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.	Directive BI 2.2	0.5

Question	Answer	Reference	Marks
129			
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.	Directive BI 2.3	1
130			
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. 4. 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. 	Directive BI 2.4	3
131			
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.	Directive BI 2.5	1
132			
Is a member permitted to realise a profit or loss in a suspense account?	No.	Directive BI 2.7	0.5
133			
What is a member required to issue to clients in respect of each days transactions and what date shall it reflect?	<ul style="list-style-type: none"> - Separate contract notes in a particular security for a particular client whether or not such deals have been booked through suspense. - The actual date on which the deal was originally effected. 	Directive BI 2.8	1.5
134			
What is the sole purpose of a misdeals account?	It is an account in which all error transactions and missed deals shall be recorded.	Directive BI 3.1	1
135			
In what manner are members obliged to close out positions on misdeals accounts?	Only through the JSE equities trading system.	Directive BI 3.2	0.5
136			
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.	Directive BI 3.3	2

Question	Answer	Reference	Marks
137			
What are the only purposes for which misdeals accounts are permitted to be used?	Correcting error transactions and missed deals.	Directive BI 3.4.1	0.5
138			
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.	Directive BI 3.4.2	1
139			
Does a separate arbitrage account/s need to be maintained?	Yes.	Directive BI 4	0.5
140			
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 A or C	Account ID FNI	Directive BI 5
Overseas agent - member has no financial interest.	A or C	FMI	
Overseas agent - member has a financial interest.	DA DA S or C S or C	CAS CDA ARB INV	
Stock accounts of member's principals in their client's ledger. Client's agency allocation/suspense account. Client's deal adjustment Accounts. Stock accounts - arbitrage. Stock accounts - investment. Stock accounts - jobbing. Stock accounts - misdeals. Stock accounts - suspense.	S or C S or C S or C	JOB MIS SUS	
141			
What client information must a member ensure is loaded on the client maintenance (CLMNT) screen on the BDA system?	*The full name. *Address. *Telephone number. *Identification or registration number of the account holder.	Directive BI 6.1.1	2

Question	Answer	Reference	Marks
142			
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?	*The full name. *Address. *Telephone number. *Identification or registration number of such person.	Directive BI 6.1.2	2
143			
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.	Directive BI 6.1.3	1
144			
On which client accounts must a staff indicator be loaded in the relevant field on the client maintenance screen on the BDA system?	All accounts in which an employee of a member has a beneficial interest or on which they place instructions.	Directive BI 6.1.4	1
145			
What steps is a member required to take prior to loading a controlled client account as a non - resident?	* Obtain documentation confirming that the client is in fact a non-resident. * Maintain a record of such verification.	Directive BK 1	1
146			
How is a CSP required to ensure that securities received from a non-resident controlled client are in fact non-resident securities?	By verifying that the securities have been transferred from another non-resident account operated by - - another member; - a CSDP; or - a financial services provider; and retaining a record of such verification.	Directive BK 2	1.5
147			
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?	Under no circumstances.	Directive BK 3	0.5

Question	Answer	Reference	Marks
148			
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>*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.</p> <p>*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.</p>	Directive BK 4 & 5	3
149			
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?	No.	Directive BK 7	0.5
150			
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>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. 	Directive BK 8 & 9	2
151			
What are "inward listed securities"?	Foreign shares issued by JSE listed companies in terms of exchange control regulations.	Directive BL.1	1
152			
Which transactions in inward listed securities are not subject to exchange control regulations?	Transactions by clients who are natural persons - specifically excluding trusts or partnerships.	Directive BL 2	1
153			
Which clients require prior approval from the SA Reserve Bank to purchase inward listed securities?	A client who is a South African resident and is not a natural person.	Directive BL 3	0.5
154			
Can a member trade in inward listed securities?	No. Unless the Settlement Authority instructs the member to assume responsibility of the purchase by a client because it has not received the approval of excon by 12h00 on T+1.	Directive BL 4 & 7	2

Question	Answer	Reference	Marks
155			
What documentation must a member obtain from a SA resident client that is not a natural person prior to executing an order to purchase inward listed securities?	A copy of a valid exchange control application form.	Directive BL 5	1
156			
To whom must a member forward the copy of an exchange control application form once a transaction in inward listed securities has been executed by a SA resident client and by when?	The Settlement Authority by 12h00 on T+1.	Directive BL 6	0.5
157			
By when must transactions in inward listed securities transferred to misdeals on the instructions of the Settlement Authority be sold out?	Within 5 business days.	Directive BL 8	0.5
158			
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.	SSA Section 24 B	0.5
159			
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- 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 (PBKBP) daily when JSE authorised investments are pledged detailing the investments pledged and whether or not such investments are available for pledge at that time.	Directive BR 2	4

Question	Answer	Reference	Marks
160			
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?	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.	Directive BR 2.2	2
161			
What must a member ensure with its bankers regarding the pledging of JSE authorised securities?	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.	Directive BR 2.3	1
162			
Define "client assets"	JSE authorised investments safeguarded by a member on behalf of clients.	Rule 1.40	0.5
163			
Define "CSP"	A custody services provider.	Rule 1.40	0.5
164			
Define "custody account"	An equity securities account with a CSDP which reflects the uncertificated equity securities balances of controlled accounts of a member and through which settlement of transactions in equity securities is effected.	Rule 1.40	2
165			
Define "custody services"	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.	Rule 1.40	2.5
166			
Define "custody services provider"	A member which has been authorised by the JSE to perform custody services in terms of the rules.	Rule 1.40	1
167			
Define "financial products"	Has the same meaning as that contained in section 1 of the FAIS Act, and by definition includes JSE authorised investments.	Rule 1.40	1

Question	Answer	Reference	Marks
168			
Define "JSE authorised investments"	<p>(a) equity securities;</p> <p>(b) JSE listed securities traded on the JSE derivatives trading system or the Yield-X trading system;</p> <p>(c) securities listed on an exchange in the republic other than the JSE;</p> <p>(d) securities listed on an external exchange;</p> <p>(e) participatory interests in a collective investment scheme as defined in the Collective Investment Schemes Control Act, 2002 (Act No.45 of 2002), and units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes in terms of section 65 of That Act;</p> <p>(f) units or any other form of participation in a collective investment scheme licensed or registered in a foreign country; and</p> <p>(g) funds intended for the purchase of such securities,units or participation.</p>	Rule 1.40	4.5
169			
Define "nominee register"	The electronic record of ownership of uncertificated equity securities balances of controlled accounts maintained by a CSP.	Rule 1.40	1
170			
Define "safeguard"	<p>Safeguard in relation to a client assets, means :</p> <p>(a) the holding of such assets in safe custody by a member or a nominee company controlled by a member, on behalf of a client; or</p> <p>(b) being accountable as a member to a client for such assets held by another financial services provider.</p>	Rule 1.40	2
171			
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.	Rule 9.10.1	0.5
172			
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?	<p>1. The arrangements must be recorded in a written mandate incorporating the minimum requirements as prescribed by the JSE.</p> <p>2. Electronic acceptance or signed Acceptance of the mandate by the client.</p> <p>3. In a custody mandate register.</p>	Rule 9.10.2/3	1.5

Question	Answer	Reference	Marks
173			
What is a CSP required to do regarding the safeguarding of controlled clients' equity securities?	<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 securities custody account with a CSDP. 	Rule 9.10.4 & 5	3
174			
When is dematerialisation of equity securities complete?	When notification has been received by the member's CSDP that the equity securities are available for electronic settlement.	Rule 9.10.4	0.5
175			
A CSP that controls a nominee register must balance the equity securities with the securities custody account at the CSDP on a daily basis. What must be confirmed in the monthly certificate to be furnished to the Director: Surveillance on the third business day after BDA month end?	<p>That :</p> <ol style="list-style-type: none"> 1. The equities securities balances in the nominee register have been agreed with the CSDP custody account balances or, if there are differences, explaining the reasons for such differences. 2. The equities balances in the nominee register have been reconciled daily with the CSDP custody account balances and all the differences have been resolved. 3. No circumstances have arisen that have resulted in the improper use of controlled client's equity securities. 	Rule 9.10.7	3
176			
What is a CSP required to do when it receives certificated equity securities from a controlled client?	<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. 	Rule 9.10.8	1.5

Question	Answer	Reference	Marks
177			
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?	<ol style="list-style-type: none"> 1. The CSP must record those securities in the nominee register as being collateral for a loan. 2. The client may be required by the member to lodge with it a pledge in such form as may be determined by the member. 3. If a pledge is required by the member the CSP must keep a record or register of the pledges held. 	Rule 9.10.9	1.5
178			
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. 	Rule 9.10.10/11	2
179			
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. In a safe custody mandate register. 	Rule 9.20.2 & 4	1.5
180			
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. 	Rule 9.20.6/7/8 & 11	4

Question	Answer	Reference	Marks
181			
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 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. In a safe custody mandate register. 	Rule 9.30.2	1.5
182			
What are the requirements with which a member, who is responsible for clients' assets other than equity securities, must comply?	<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 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 beneficial owners of all such assets at all times. 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. 	Rule 9.30.3 & 5	6
183			
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)?	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.	Rule 9.30.4&9.4 0	1

Question	Answer	Reference	Marks
184			
Clients funds may not be deposited in JSET for the sole purpose of earning interest. True or False?	True	Rule 9.50.4	0.5
185			
What other client funds may a member hold?	<p>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.</p> <p>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.</p>	9.40.1/9.4 0.3	3
186			
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?	A member must open one or more trust bank accounts as prescribed in section 27 of the Act.	9.60.3 Act 27	1
187			
May a member borrow or lend any client assets.	No	9.70	0.5
188			
What are members required to do regarding Exchange Control Regulations.	Ensure that in all it's 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 from time to time and complies with the prescribed directives regarding the operation of non-resident clients accounts.	9.80	1
189			
Define "business day" or "day"	Means any day except Saturday, Sunday, public holiday or any other day on which the JSE is closed.	Rule 1.40	0.5
190			
Define "central order book"	The order book of the JSE equities trading system in which automated trades occur according to price then time priority.	Rule 1.40	1.5

Question	Answer	Reference	Marks
191			
Define "central securities depository"	Means a person who is licensed as a central securities depository under section 32 of the Act.	Act Sec 1	0.5
192			
Define "certificated equity securities"	Equity securities evidenced by a certificate or written instrument.	Rule 1.40	0.5
193			
Define "contract note"	Notes issued in respect of trades executed on the JSE equities trading system by a member on any particular day : (a) on behalf of a client, a confirmation from the member to the client in respect of such trades; and (b) on behalf of a member's proprietary account, the aggregate trades executed on such account.	Rule 1.40	2
194			
Define "controlled account"	An account reflecting the equity securities and funds of a controlled client or the equity securities of a member.	Rule 1.40	1.5
195			
Define "controlled client"	A client or an account holder on whose behalf a client is acting, whose funds and uncertificated equity securities are under the control of a CSP or whose settlements take place via the CSDP of a member.	Rule 1.40	2
196			
Define "CSDP"	A central securities depository participant that has been accepted by a central securities depository as a participant in that central securities depository.	Rule 1.40	1
197			
Define "dematerialisation"	The process of converting a certificated equity security into an uncertificated equity security.	Rule 1.40	0.5
198			
Define "equity securities"	Those JSE listed securities traded on the JSE equities trading system.	Rule 1.40	1
199			
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.	Rule 1.40	2.5

Question	Answer	Reference	Marks
200			
Define "funds settlement account"	A funds account with a CSDP in the name of a member used exclusively for the settlement for funds relating to transaction in equity securities.	Rule 1.40	1
201			
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.	Rule 1.40	1
202			
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.	Rule 1.40	1.5
203			
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.	Rule 1.40	1.5
204			
Define "ring-fencing"	The process in terms of which linked deliveries and receipts which emanate from reported transactions are separated and distinguished from deliveries and receipts which emanate from transactions in the central order book of the JSE equities trading system.	Rule 1.40	2

Question	Answer	Reference	Marks
205			
Define "securities"	<p>(a) means -</p> <p>(1) shares, stocks and depositary receipts in public companies and other equivalent equities, other than shares in a share block company as defined in the Share Blocks Control Act, 1980 (Act no. 59 of 1980);</p> <p>(2) notes;</p> <p>(3) derivative instruments;</p> <p>(4) bonds;</p> <p>(5) debentures;</p> <p>(6) 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;</p> <p>(7) units or any other form of participation in a collective investment scheme licensed or registered in a foreign country;</p> <p>(8) instruments based on an index;</p> <p>(9) the securities contemplated in subparagraphs (1) to (8) that are listed on an external exchange; and</p> <p>(10) an instrument similar to one or more of the securities contemplated in subparagraphs (1) to (9) declared by the registrar by notice in the Gazette to be a security for the purposes of this Act;</p> <p>(11) rights in the securities referred to in subparagraphs (1) to (10);</p> <p>(B) Excludes -</p> <p>(1) money market instruments except for the purpose of Chapter IV; and</p> <p>(2) any security contemplated in paragraph</p> <p>(a) specified by the registrar by notice in the Gazette.</p>	Act Sec 1	9
206			
Define "settlement agent"	A CSP or CSDP 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.	Rule 1.40	1
207			
Define "Settlement Authority"	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.	Rule 1.40	1
208			
Define "settlement commitment"	An electronic undertaking by a CSDP to settle a transaction in equity securities.	Rule 1.40	0.5

Question	Answer	Reference	Marks
209			
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.	Rule 1.40	0.5
210			
Define "STRATE"	Means STRATE Limited, a public company licensed as a central securities depository in terms of the Act.	Rule 1.40	0.5
211			
Define "sub-register"	Means a sub-register maintained by a CSDP recording ownership of equity securities, as defined in section 91A of the companies Act.	Rule 1.40	1
212			
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.	Rule 1.40	1
213			
Define "transaction"	Means a contract of purchase and sale of securities.	Act Sec 1	0.5
214			
Define "uncertificated equity securities"	Equity securities that are not evidenced by a certificate or written instrument and are transferable by book entry without a written instrument.	Rule 1.40	1.5
215			
Define "uncommitted settlement"	A settlement obligation for which a CSDP has not provided a settlement undertaking.	Rule 1.40	1
216			
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.	Rule 10.20.1	0.5
217			
Who must ensure settlement of all reported transactions 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 reported transactions 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.	Rule 10.20.3	2

Question	Answer	Reference	Marks
218			
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 unless it is a reported transaction merely reported to the JSE equities trading system by the member or members.	Rule 10.20.4	1
219			
Is a client bound by the settlement rules whether or not the member has made the client aware of the settlement obligation?	Yes.	Rule 10.20.5	0.5
220			
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. 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, <p>In addition, where ring-fencing of reported transactions occurs -</p> <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 to indicate a settlement dependency. 	Rule 10.30	8

Question	Answer	Reference	Marks
221			
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 exceptional circumstances, extend the times referred to in rules 10.60 to 10.110. 4. Monitor settlement obligations of members and their clients. 5. Ensure that the settlement obligations of members are met on the settlement date. 6. Monitor uncommitted settlements and take appropriate action in respect of such settlements. 7. Take action when a settlement of a transaction in equity securities is unlikely to take place on settlement date. 8. 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. 9. 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. 10. Levy fees, as prescribed by directive, on members for the loan of equity securities to members in order to facilitate the settlement process. 11. Impose penalties, as prescribed by directive, on members on any action or omission by a member which is potentially disruptive and/or has the effect the settlement process and the functions of the SA. 12. Invite or instruct a member or client (via the member) to close a purchase or sale transaction at a price and on the basis set out in rule 10.110. 13. Manage the settlement of reported transactions where ring - fencing has occurred. 	Rule 10.40	3

Question	Answer	Reference	Marks
222			
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. 8. Funds settlement account number at the member's CSDP. 9. Current account number at the member's CSDP. 10. Equities margin account details at the member's bank. AND 11. Name and contact details of the member's settlement officer and his alternate. 	Directive ED	4
223			
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 <ul style="list-style-type: none"> - 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 - 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 that - another transaction has been concluded which provides for an equivalent amount of equity securities being available for settlement on settlement date; or that - a satisfactory borrowing arrangement is in place which provides for an equivalent amount of equity securities being available for settlement on settlement date. 	Rule 10.50.1	2.5
224			
To the clearing of which transactions does directive E apply?	To transactions in equity securities and the electronic settlement through STRATE.	Dir. EA	0.5
225			
What accounts are members required to open and maintain at its CSDP?	<ul style="list-style-type: none"> * Custody account * Funds settlement account * Current account 	Directive EB 1	1.5

Question	Answer	Reference	Marks
226			
By which time are members required to ensure that the funds settlement account has been cleared to zero?	By the day after settlement day for settlement day value.	Directive EB 2	1
227			
What are the only ways in which an entry may be effected in the funds settlement account?	- By the BDA system. - The Settlement Authority or; - The member's CSDP for a loan of Equities or funds to the member as part of the settlement process.	Directive EB 3	2
228			
How often must a member monitor and reconcile its BDA account with the settlement authority?	Daily.	Directive EE 1	0.5
229			
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?	Through SWIFT format MT 598/007 and MT 598/008 messages.	Directive EE 2	1
230			
By when must a transaction in equity securities be: 1. Allocated to a client or a member's proprietary account. 2. Communicated to a client. 3. Be committed to by the CSDP of the member or client. 4. Be settled.	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 3rd business day after the trade date. 4. On the 5th business day after trade date.	Rule 10.60.1/2/ 4/5	4
231			
What is the consequence if a client does not notify the member by no later than 12H00 on the 2nd business day that the transaction is not accepted?	The transaction will be deemed to have been accepted by the client.	Rule 10.60.3	1
232			
1. By what time must allocation corrections be made? AND 2. By what time must they be communicated to and accepted by the client?	1. Not after 16h00 on the second 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 third business day after trade date.	Rule 10.60.2	2

Question	Answer	Reference	Marks
233			
When does a transaction become a failed trade?	<ol style="list-style-type: none"> 1. If a CSDP of a member has not Committed the 4th business day after trade date or the SA has determined, by that time, that the member will not be able to settle or 2. If a member advises the SA at any stage that the CSDP of the member or the CSDP for a non-controlled client will not be in a position to settle and the SA is not able to procure that the settlement will take place on settlement date or to close the transaction by either inviting or instructing the member to close at a price to be determined by the SA in consultation with the market controller. 	Rule 10.60.3 & 4	5
234			
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 second 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 3rd business day after trade date. 4. Ensure and procure that his CSDP has committed to settle by 12h00 on the 3rd 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 09H00 on the 4th business day after the trade date. 	Rule 10.70.1/2/3/4/5	6.5

Question	Answer	Reference	Marks
235			
<p>If a non-controlled client is a party to a transaction executed by a member in terms of Rule 10.20.2, his transaction would be ring-fenced for the purposes of managing settlement and settlement would not be assured by the JSE but is still assured by the member. If the said non-controlled client does not ensure and procure that his CSDP has committed to settle such transaction by 12H00 on T+3, what should a member do?</p>	<p>The buyer and seller in any transaction executed as a reported transaction in term of Rule 10.20.2, are both clients of the same member. He would be liaising with both to facilitate their respective CSDP's commitment to settle.</p> <p>1. Where the member has reason to believe that the non-controlled client will settle, the member is entitled to give the non-controlled clients until 09H00 on T+4 to have its CSDP to commit to settle.</p> <p>2. Otherwise the member may proceed in terms of rule 10.100 and shall :-</p> <ul style="list-style-type: none"> - assume the obligation to settle, and - 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 <ul style="list-style-type: none"> - Where the SA is able to arrange settlement, the member is obliged, forthwith, to buy in or sell out as the case may be, (by no later than the close of business on the next business day) for client's or members own account to ensure the return of the equity securities or funds to the SA. - 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. - where the member and SA 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. - The non-controlled client shall remain liable for any losses, costs or charges incurred or charges imposed by the member. 	<p>Rule 10.70.4 & 10.70.6</p>	11
236			
<p>What are the settlement obligations of a controlled client?</p>	<p>1. By no later than 16h00 on the 2nd 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</p> <p>2. Entering into an arrangement with the member to facilitate settlement of the transaction.</p>	<p>Rule 10.80</p>	3

Question	Answer	Reference	Marks
237			
Itemise 7 of a member's settlement obligations.	<ol style="list-style-type: none"> 1. Endeavour to ensure settlement of 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 3rd 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 10h00 on the 4th business day after the trade date if a non-controlled client is unable to settle. 7. By 12h00 on the 4th 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. 	Rule 10.90	7
238			
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?	<ol style="list-style-type: none"> 1. A member shall at all times endeavour to ensure that the settlement of transactions in equity securities effected by the member takes place. 2. The settlement officer of a member must immediately inform the Settlement Authority when any transaction in equity securities is unlikely to settle. 	Rule 10.90.8	3
239			
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?	<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. 	Rule 10.90.9	4
239.1			
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?	<ol style="list-style-type: none"> 1. The SA is either able to close the transaction in terms of rule 10.40.2.9 or declares the transaction to be a failed trade in terms of rule 10.60.3. 2. The member shall act in accordance with the instructions received from the Settlement Authority in terms of rule 10.110. 	Rule 10.90.9	1.5

Question	Answer	Reference	Marks
240			
What can a member do if a client breaches its settlement obligations and the member is either : 1. Instructed by the SA to close the transaction, or 2. Action is taken by the SA in terms of the failed	The member shall not buy-in or sell-out a client but act in accordance with the instructions received from the SA in terms of rule 10.110 & Dir EI	Rule 10.90.10 & Dir EF 5	1
241			
Under what circumstances may a member use a client's equity securities to settle the obligations of: 1. Another client. 2. A proprietary position.	Under none, what so ever	Rule 10.90.11	0.5
242			
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?	The member may : 1. In respect of a sale transaction, buy 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, including interest. 2. In respect of a purchase transaction, sell 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, including interest. AND 3. Sell for the account of such client: - so many of any other equity securities belonging to such client and held by or in the custody of such member; or - 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 realize 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.	Rule 10.90.10 & Dir EF 4	5
243			
What should a member take cogniscance of when timing the purchases or sales arising out of a client's breach of settlement obligations?	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. 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.	Rule 10.100.2	4

Question	Answer	Reference	Marks
244			
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?	The client who breached the settlement obligations.	Rule 10.100.3/1 0.120/10.1 30	1
245			
What is a member's post trade general settlement obligation?	If the member : * is advised by a client or becomes aware that the client is unable to settle, and * the member is unable to enter into any arrangement to ensure that such transaction settles on settlement date, the member immediately notify the SA.	Dir. EF 2	1.5
246			
What is a failed trade declaration?	If a member advises the Settlement Authority that : * the CSDP of a non-controlled client of a member is unable to settle, and * the CSDP of a member is also unable to settle, and * if the Settlement Authority is not able to procure settlement or to voluntarily close the transaction by inviting a member or client to close a transaction. The transaction shall be declared a failed trade by no later than 09H00 on the next business day by the SA.	Dir. EF6 & EI & Rule 10.110 & 10.60.4	4
247			
By when is a member required to allocate transactions to * a client or * a member's proprietary account?	On trade day	Rule 10.60.1.1 Dir EF 7	0.5
248			
By when must a member communicate details of transactions in equity securities to clients?	12H00 on T+1	Dir EF 8 & Rule 10.60.1.2	0.5
249			
What are a non-controlled client's obligations on T+2?	* To notify the member by 12H00 if the transaction is not accepted - otherwise it is deemed to have been accepted. * To provide settlement instructions to his CSDP by 12H00.	Dir EF 9.1 & 9.2	1.5

Question	Answer	Reference	Marks
250			
What are a controlled client's obligations on T+2 ?	<p>* To notify the member by 12H00 if the transaction is not accepted - otherwise it is deemed to have been accepted.</p> <p>* By 16H00 ensure that the member will be in position to settle on settlement date, (either by providing the equity securities or funds required to settle the transaction or by entering into an arrangement with the member to facilitate settlement).</p>	Dir EF 9.1 & 9.3	2.5
251			
What are the member's obligations at 16H00 on T+2 ?	<p>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 in Rule 10.100.</p> <p>2. Ensure that no allocation corrections (deal adjustments) are made after 16:00.</p>	Dir EF 10	2
252			
What is a member entitled to do if settlement of a controlled client's transaction is not ensured by 16H00 on T+2 and where no agreement or notification to the contrary exists with the client?	<p>* where the member has reason to believe that the controlled client will settle then the member is entitled to give the client until 10H00 on T+4 to put the member in a position to settle;</p> <p>* otherwise the member shall be entitled to proceed in terms of rule 10.100 and shall:</p> <ul style="list-style-type: none"> - where a member is unable to arrange settlement through his own CSDP, he must immediately advise Settlement Authority, - where Settlement Authority is able to arrange settlement, the member is obligated to, forthwith, buy in or sell out as the case may be, for the client's or members own account to the return of the equity securities or funds to the SA; - 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; - where there is still an amount owing by a controlled client to the member, he may also sell any other securities of the client which he holds for the client or which he may receive on behalf of the client in order to realise the difference; - where the member and the SA 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. - the controlled client shall remain liable for any losses, costs or charges incurred or charges imposed by the member including the compensation payable to the non-failing party. 	Dir EF 5,6,10.1 and Rule 10.100	10

Question	Answer	Reference	Marks
253			
<p>By when are: * non-controlled clients required to ensure and procure that their CSDP's have committed to settle on their behalf? * members required to ensure that their CSDP's have committed to settle transactions in respect of controlled accounts?</p>	<p>12H00 on T+3 12H00 in T+3</p>	<p>Dir EF 11.1 & 11.2</p>	1
254			
<p>If a non-controlled client does not ensure and procure that his CSDP has committed, by 12H00 on T+3, to settle the transaction on his behalf, what is a member entitled to do?</p>	<p>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 09H00 on T+4 to ensure and procure that its CSDP has committed to settle. 2. Otherwise the member may proceed in terms of Rule 10.100 and shall : - assume the obligation to settle, and - 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 - 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. - 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. - 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. - The non-controlled client shall remain liable for any losses, costs or charges incurred or charges imposed by the member.</p>	<p>Dir EF 11.3</p>	10
255			
<p>In the event that the CSDP of a non-controlled client fails to commit to settle a transaction by 09H00 on T+4, what is member required to do and when?</p>	<p>The member will assume the obligation to settle, from 10H00 on T+4 and endeavour to ensure that by 12H00, its CSDP commits to settle the transaction.</p>	<p>Dir EF 13 & 14</p>	1.5

Question	Answer	Reference	Marks
256	<p>What are the SA's procedures in the event that a member is unable to procure settlement by its CSDP by 12H00 on T+4 in respect of non-controlled client's transactions, the settlement obligations of which it assumed due to clients not meeting their obligations?</p>	<p>* 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 settle the transaction or</p> <p>* In respect of a purchase transaction - lend to the member the funds required to settle the transaction or</p> <p>* In respect of a sale or purchase transaction where the SA is unable to borrow equity securities or lend funds, invite or instruct a member or client (via a member), to voluntarily close the transaction.</p>	Dir EF 15 3.5
257	<p>What is the SA required to do in the event that it is unable by 16H00 on T+4 to :</p> <p>* Borrow equity securities or funds to ensure settlement or,</p> <p>* Voluntarily close a transaction in terms of the rules?</p>	<p>Declare the said transaction a failed trade and shall :</p> <p>1. Match such failed trade against and equal but opposite transaction represented by a single contract note which is a terminating transaction, or</p> <p>2. In the event that there is no such transaction, or more than one such transaction, the SA shall, select transaction or transactions represented by one or more contract notes the failing of which will be least disruptive to members and clients.</p> <p>3. The transactions selected in terms of 1 or 2 above shall be closed at a price and in terms of the principles and procedures in Rule 10.110.1.3 and Dir EI</p>	Dir EF 16 5
258	<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, as provided for in the Rules, and</p> <p>* where the client is a controlled client, sell for the account of such client -</p> <ul style="list-style-type: none"> - so many of any other equity securities belonging to such client and held by or in the custody of such member, or - so many of any other equity securities to be received by the member in respect of any transaction relating to securities previously entered into by such buyer with or through the member in order to realize the difference. 	Dir EF 3 5

Question	Answer	Reference	Marks
259	<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> <ul style="list-style-type: none"> * Sell such securities for account of the client and claim the difference between the purchase consideration of such securities and the selling consideration for such securities, as provided for in the Rules, and * where the client is a controlled client, sell for the account of such client; <ul style="list-style-type: none"> - so many of any other equity securities belonging to such client and held by or in the custody of such member, or - so many of any other equity securities to be received by the member in respect of any transaction relating to securities previously entered into by such buyer with or through the member in order to realize the difference. 	Dir EF 4 5
260	<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>	<ul style="list-style-type: none"> * Buy 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 selling consideration of such securities and the purchase consideration for such securities, as provided for in the Rules, and * Where the client is a controlled client, sell for the account of such client - <ul style="list-style-type: none"> - so many of any other equity securities belonging to such client and held by or in the custody of such member, or - so many of any other equity securities to be received by the member in respect of any transaction relating to securities previously entered into by such buyer with or through the member in order to realize the difference. 	Dir EF 3 5
261	<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 an agreement with the client or notification to the client to the contrary :</p> <ul style="list-style-type: none"> * Buy such 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 provided for in the Rules, and * Where the the client is a controlled client , sell for the account of such client - <ul style="list-style-type: none"> - so many of any other euqity securities belonging to such client and held by or in the custody of such member, or - 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 buyer or through the member in order to realise the difference. 	Dir EF 4 5

Question	Answer	Reference	Marks
262	In which instances are sell-out or buy-in procedures not required?	Dir EF 5	2.5
263	What are the principles in terms of which a failed trade will be dealt with?	Rule 10.110.1	5.5
264	In respect of a failed trade: - Who is responsible to settle any difference as a result of price fluctuations and compensation payable? - To whom is this difference payable? - When is this difference settled?	Rule 10.110.1.3	3
265	At what price will a failed trade be closed?	10.110.3	3

* Where -
 - a client has not complied with their obligations to procure settlement, and
 - both the member and the SA 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
 - the SA either closes the transaction in terms of Rule 10.40.2.9 or declares the transaction to be a failed trade.

1. The SA shall match a failed trade against an equal but opposite transaction represented by a single contract note which is a terminating transaction.
 2. In the event that there is no transaction, or more than one transaction, the SA shall, in terms of the failed trade procedures as laid down, select such transaction or transactions represented by one or more contract notes the failing of which will be least disruptive to members and clients.
 3. The transaction selected in terms of 1 or 2 above shall be closed at a price determined by the SA, in consultation with the Market Controller. This price may differ from the original trade price and will include compensation for the party whose transaction is being closed. The compensation shall be determined in accordance with the methodology set out in the Directives.

- The member who effected the trade that failed is responsible for the difference.
 - This is payable to the CSDP of the non-failing party whose trade was closed by the SA.
 - It is settled on T+5 as part of the settlement batch which contains the failed trade.

At a price to be determined by the Settlement Authority, in consultation with the Market Controller. This price may differ from the original trade price and will include compensation for the party whose transaction is being closed. The compensation shall be determined in accordance with the methodology set out in the directives. The difference as a result of a failed trade shall be due from the member who effected the failed trade to the CSDP of the parties whose trades have been closed by the SA.

Question	Answer	Reference	Marks
266			
When is the difference as a result of a failed trade settled ?	The settlement of such amount forms part of the settlement group which contains the failed trade.	10.110.3	0.5
267			
What monetary payments does the "non-failing party" receive when a transaction will not settle as a result of a failed trade?	The non-failing party whose transaction will not settle as a result of a failed trade, shall receive - * a monetary payment placing the non-failing party in a monetary equivalent position to that in which the non-failing party would have been had the transaction settled in accordance with the rules. * monetary compensation based on a percentage (as determined by the JSE from time to time) of the determined price. * monetary compensation, at the discretion of the Settlement Authority in respect of a corporate action in the relevant securities, placing the non-failing party in a monetary equivalent position to that in which it would have been had the transaction settled in accordance with the rules.	Directive EI 2	3.5
268			
What is the "volume weighted average price" or "determined price"?	In respect of the period between 09h00 and 16h00 on the fourth business day after the trade date, the price determined by aggregating the volume multiplied by the price of each trade, divided by the total volume.	Directive EI 3.2	1.5
269			
How is the Settlement Authority required to calculate the amount that a "non-failing party" is to receive to place it in a monetary equivalent position had the transaction settled?	The amount will be the difference between * the price at which the securities were purchased or sold and * a price determined by the Settlement Authority, in consultation with the market controller by reference to the ruling price and the "volume weighted average price"	Directive EI 3.1	1.5
270			
What is the overriding consideration in ascertaining the price for the purposes of determining the monetary payment to a non-failing party in terms of Dir EI 2.1?	The intention to place the non-failing party in the same or equivalent position it would have been in had the transaction settled in accordance with the Rules.	Directive EI 3.2	1

Question	Answer	Reference	Marks
271			
When may the Settlement Authority form an opinion that the ruling price of uncertificated securities was artificially manipulated to the benefit of the non-failing party for the purposes of calculating the amount that a "non-failing" party is to receive in terms of Directive EI 2 and what action may the Settlement Authority take in this regard?	<p>* In the event that there is a price differential of greater than a percentage, as determined by the JSE from time to time (which percentage shall be dependent on whether the relevant securities are highly liquid, normal liquidity or illiquid), between the ruling price and the volume weighted average price, as determined by the Settlement Authority in consultation with the market controller.</p> <p>* In which case they may elect :</p> <ul style="list-style-type: none"> - not to pay the non-failing party any amount to place him in a monetary equivalent had the transaction settled and to only pay compensation, or - to have the original trade corrected in accordance with the correction trade procedure as set out in Rule 6.50. 	Directive EI 4	3.5
272			
What monetary payments, if any, shall be made to the non-failing party in terms of Directive EI if the determined price has:	The non-failing party shall :	Directive EI 5	2
1. Moved to the detriment of the non-failing party?	1. Be paid the difference between the transaction price and the determined price plus compensation in terms of Directive EI 2.2.		
2. Moved to the benefit of the non-failing party?	2. Only be paid compensation in terms of Directive EI 2.2.		
273			
In what form may a non-failing party receive compensation?	Only monetary compensation is payable. The non-failing party shall not be entitled to receive as compensation securities equivalent to the securities which were the subject of the failed trade.	Directive EI 7	1
274			
Who is responsible for any compensation paid to a non-failing party?	Any compensation paid to a non-failing party shall be for the account of the member which introduced the failed trade, but the ultimate responsibility lies with the client or counterparty of such member who caused the failed trade that resulted in the transaction of the non-failing party not settling.	Directive EI 8	2
275			
In what circumstances may a client who is a seller of equity securities become a buyer, or vice versa?	Where the client does not meet its settlement obligations and the SA has declared the transaction a failed trade in terms of the rules and the non-failing party has a part closing of a larger transaction in respect of the said failed trade. This would only happen if the non-failing party successfully applied to the SA to have the balance of the larger transaction cancelled. In which case the failing party will take the place of the non-failing party for the balance of such larger transaction.	Dir EI 6	3.5

Question	Answer	Reference	Marks
276			
<p>If a member -</p> <p>1. Is not able to ensure that its CSDP is able to commit to settle an assumed obligation from a non-controlled clients for a sale transaction; or</p> <p>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,</p> <p>What will the SA do?</p>	<p>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.</p>	10.120.1	1.5
277			
<p>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?</p>	<p>The client who failed to deliver the equity securities required to settle the transaction.</p>	10.120.3	0.5
278			
<p>What is the definition of "collateral" in directive EG? (Borrowing of securities through the Settlement Authority)</p>	<p>Cash provided to the Settlement Authority by a member as security for the due return of equivalent uncertificated securities in terms of a lending transaction.</p>	Directive EG 1	1
279			
<p>What is the definition of "corporate action" in directive EG? (Borrowing of securities through the Settlement Authority)</p>	<p>Any economic right or benefit flowing from ownership of loaned uncertificated securities.</p>	Directive EG 1	1
280			
<p>What is the definition of "equivalent uncertificated securities" in directive EG? (Borrowing of securities through the Settlement Authority)</p>	<p>Uncertificated securities of an identical type, nominal value, description and amount to the loaned uncertificated securities duly adjusted for any corporate action.</p>	Directive EG 1	1

Question	Answer	Reference	Marks
281			
What is the definition of "lender" in directive EG? (Borrowing of securities through the Settlement Authority)	The third party from which the settlement authority, as agent for the member as undisclosed principal, has borrowed uncertificated securities.	Directive EG 1	1
282			
What is the definition of "lending fees" in directive EG? (Borrowing of securities through the Settlement Authority)	Fees due by the member in respect of loaned uncertificated securities.	Directive EG 1	1
283			
What is the definition of "loan recall" in directive EG? (Borrowing of securities through the Settlement Authority)	A demand by the settlement authority for the return of equivalent uncertificated securities in terms of a lending transaction.	Directive EG 1	1
284			
How is the collateral amount required in respect of borrowed uncertificated securities calculated in terms of Directive EG? (Borrowing of securities through the Settlement Authority).	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 uncertificated securities position, plus the margin applicable thereto.	Directive EG 2.5	2
285			
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 if securities through the Settlement Authority).	To immediately provide further collateral in the amount of any shortfall.	Directive EG 2.6	1
286			
What margin shall be applicable to all loaned uncertificated securities in terms of Directive EG 2.7? (Borrowing of securities through the Settlement Authority).	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 uncertificated securities position.	Directive EG 2.7	1

Question	Answer	Reference	Marks	
287	<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 uncertificated securities be returned? (Borrowing of securities through the Settlement Authority).</p>	<ul style="list-style-type: none"> * Within 5 business days of a loan recall, * Equivalent uncertificated securities shall be returned in no more than two deliveries, the first delivery being not less than 50% of the loaned uncertificated securities. 	<p>Directive EG 2.8 & 2.9</p>	2
288	<p>What is the obligation of a member in the event a corporate action accrues on any loaned uncertificated securities during the period of such loan in terms of Directive EG? (Borrowing of securities through the Settlement Authority).</p>	<p>A member shall make good any corporate action arising on the loaned uncertificated securities during the loan period and the effects of taxation in the hands of the lender where applicable within 5 days of the payment date of the relevant corporate action.</p>	<p>Directive EG 2.10</p>	1.5
289	<p>When the Settlement Authority has, as agent for a non-disclosed principal, facilitated the borrowing of uncertificated 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> <ul style="list-style-type: none"> * ensure that sufficient cash is available in their funds settlement account with its CSD participant to meet the initial and any subsequent collateral requirement, * 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, * ensure that further collateral in the amount of any shortfall is provided immediately on request by the SA, * ensure the return of the equivalent loaned uncertificated securities within 5 business days of a loan recall, * return equivalent uncertificated securities in no more than two deliveries, the first delivery being not less than 50% of the loaned uncertificated securities, * make good any corporate action arising on the loaned uncertificated securities during the loan period and the effects of taxation in the hands of the lender where applicable within 5 business days of the payment date, * 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. 	<p>Directive EG 2</p>	8

Question	Answer	Reference	Marks	
290	<p>When the Settlement Authority has, as agent for an undisclosed principal, facilitated the borrowing of uncertificated 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> <ul style="list-style-type: none"> * initiate the borrowing by sending the necessary SWIFT messages to STRATE, * advise the member of the transactions giving rise to the loaned uncertificated securities and the collateral requirement, * hold the collateral amount during the whole loan period until equivalent uncertificated 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 uncertificated securities position, plus the margin applicable thereto, * request a member to immediately provide further collateral in the amount of any shortfall on business day. 	<p>Directive EG 2</p>	6
291	<p>What interest is a member entitled to on the collateral amount paid to the Settlement Authority in terms of a loan of uncertificated 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>	<p>Directive EG 2</p>	1
292	<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>	<p>Rule 10.130.1</p>	1.5

Question	Answer	Reference	Marks
293			
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?	The client who failed to pay the funds required to settle the transaction.	Rule 10.130.2	0.5
294			
What is the definition of "collateral" in directive EH? (Lending of funds by Settlement Authority)	Uncertificated securities provided to the Settlement Authority as security for the due return of the funds lent to a member.	Directive EH 1	1
295			
What is the definition of "loaned funds" in directive EH? (Lending of funds by SA).	The funds provided by the Settlement Authority to a member.	Directive EH 1	1
296			
What is the definition of "loan date" in directive EH? (Lending of funds by Settlement Authority)	The date on which funds are transferred by the Settlement Authority into the funds settlement account of a member.	Directive EH 1	1
297			
What is the definition of "loan fees" in directive EH? (Lending of funds by Settlement Authority)	The interest and fees due to the Settlement Authority by a member in respect of the funds provided.	Directive EH 1	1
298			
What is the definition of "loan period" in directive EG & EH? (Borrowing of securities or lending of funds by Settlement Authority)	The period of time expressed in days from the loan date to the return date.	Directive EH 1	1
299			
What is the definition of "margin" in Directive EH? (Lending of funds by Settlement Authority)	The amount or percentage by which the value of the collateral is required to exceed the value of the loaned funds.	Directive EH 1	1
300			
What is the definition of "return date" in directive EH? (Lending of funds by Settlement Authority)	The date on which a member returns the loaned funds to the Settlement Authority.	Directive EH 1	1

Question	Answer	Reference	Marks
301			
<p>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).</p>	<p>A member shall:</p> <ul style="list-style-type: none"> * ensure that the uncertificated securities which constitute the failing transaction shall form the initial collateral for the funds advanced, * 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, * ensure that further collateral acceptable to the SA in the amount of any shortfall is provided immediately on request by the SA, or * repay so much of the loaned funds so as to ensure that the shortfall is removed, * pay to the SA the loan fees reflected in Directive EK1, which shall accrue over the Loan period, and be paid monthly in arrears. 	<p>Directive EH 2</p>	6
302			
<p>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).</p>	<p>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.</p>	<p>Directive EH 2.6.2</p>	1

Question	Answer	Reference	Marks
303	On which unsettled transactions may the JSE require a member to provide margins before 12h00 on the 4th business day after the trade?	Rule 10.140.2	10
	<ol style="list-style-type: none"> 1. In respect of a non-controlled client transaction where, by end of day on the third 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 third business day after the trade date, the controlled client : <ul style="list-style-type: none"> - 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; - has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system; or - 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. 3. In respect of a controlled client purchase transaction where, by end of day on the third business day after the trade date, the controlled client : <ul style="list-style-type: none"> - does not have sufficient funds in the custody of the member or the member's CSP for the transaction to settle on settlement date; or - 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. 4. In respect of a sale transaction for the member's own account where, by end of day on the third business day after the trade date, the member : <ul style="list-style-type: none"> - does not have sufficient equity securities available for the transaction to settle on settlement date; - has not entered into securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system; or - 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. 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. 		

Question	Answer	Reference	Marks
304			
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.	Rule 10.140.4	1
305			
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 Asset swap AS 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 Post contra trade PC Delta trade OD Late contra trade LC Error report trade ER	Directive EL	2.5
306			
Define "liquidity risk"	The degree to which the potential volume of trade in any equity security may fluctuate based on inter alia, how this has fluctuated in the past.	Directive EM 1	1
307			
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.	Directive EM 1	1
308			
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.	Directive EM 1	1
309			
Define "margin factor"	The percentage reflecting the potential adverse price movement from EOD on T+3 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.	Directives EM 1	2
310			
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.	Directive EM 1	1
311			
Define "Impact cost risk"	The degree to which potential costs of liquidating an open position may fluctuate based on, inter alia, how volume and price (and their interaction) have fluctuated in the past.	Directive EM 1	1

Question	Answer	Reference	Marks
312			
Reserved			
313			
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.	Directive EM 1	1
314			
Define "spread risk"	A measure of the degree to which the difference between the bid and offer prices for a security may fluctuate in the future based on, inter alia, such fluctuations in the past.	Directive EM 1	1
315			
What is a margin deposit used for and when can it be returned to a member?	<ul style="list-style-type: none"> - To be utilised by the JSE in meeting a 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. 	Directive EM 2.2	2
316			
How will the JSE determine the margin requirement on each uncovered or uncommitted trade?	<p>By netting the values calculated through establishing:</p> <ul style="list-style-type: none"> - mark to market price movement from the trade price of the security on T to the closing price at EOD on T+3 and - the potential adverse price movement of the equity securities from EOD on T+3 until S, based on the margin factor. 	Directive EM 2.3	3
317			
What are the margining requirements regarding report only trades?	Report only trades will not be margined.	Directive EM 2.4	0.5
318			
The margin requirement across accounts will not be netted with one exception. What is it?	Member's proprietary accounts will be treated as one for margining purposes.	Directive EM 2.5	1
319			
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: <ul style="list-style-type: none"> - uncertificated securities in the account - a borrowing arrangement or - a purchase due to settle on or before the settlement date of the sale. 2. That portion of a purchase <ul style="list-style-type: none"> - which has not been freed or - which cannot be funded by the proceeds of a sale due to settle on or before settlement date of the purchase. 	Directive EM 2.6	2.5

Question	Answer	Reference	Marks
320			
What does the margin requirement on uncovered proprietary trades take into account?	<ol style="list-style-type: none"> That portion of a sale that is not covered by: <ul style="list-style-type: none"> uncertificated securities in the member's float a borrowing arrangement evidenced by an entry in the member's float a purchase due to settle on or before the settlement date of the sale That portion of a purchase, which cannot be funded by the proceeds of sales to settle on the settlement date of the purchase. 	Directive EM 2.7	2
321			
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.	Directive EM 2.8	1
322			
What is the JSE required to do in connection with margins and margin calls?	<ul style="list-style-type: none"> Provide each member with a daily printout detailing the margin calculation and the net amount receivable or payable. Initiate a margin call by sending the necessary swift messages to instruct the bank to transfer funds for same day value Reconcile the member's margin account maintained by the JSE and the member's margin account in BDA and resolve any discrepancy daily. Calculate interest on margin deposit and margin call accounts monthly in arrears and transfer the amount to the member's designated account at month-end. 	Directive EM 2.10 & 2.13 to 2.15	4
323			
When is the margin requirement payable by a member to the JSE?	Before 12H00 on T+4	Directive EM 2.11	1
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 S		
324			
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?	Within five business days of notification.	10.160.3	0.5

Question	Answer	Reference	Marks
325			
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.	The client who caused a failed trade.	10.160.4	0.5
326			
What are the penalties that will be imposed on a member who trades in a equities securities and * a MT598/008 message confirming the appointment of a CSDP by the member has not been received by the JSE, and * where a member does not have a SWIFT connection?	* R10 000. * R10 000.	Directive EJ 1.1	1
327			
What penalties will be levied in respect of the following transactions? - 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. - Failure to ensure that a client has sufficient equity securities to cover a sale transaction?	R1 000 per contract note. R1 000 per contract note.	Directive EJ 1.2	1
328			
What penalty will be imposed on a member who: * makes allocation corrections after 16H00 on T+2.	R5 000.	Directive EJ 1.3	0.5
329			
What penalties will be levied in the following circumstances? - A member is required to assume the obligations of a non-controlled client to settle a transaction at 10h00 on T+4?	R500 per occurrence.	Directive EJ 1.4 & 1.5	0.5

Question	Answer	Reference	Marks
330			
What penalties will be levied in the following circumstances? - A member introduces a trade which is declared a failed trade. - Failure by a member to pass the necessary entries in the BDA system in respect of loaned securities or loaned funds by close of business on a loan date.	R1 000 plus double the brokerage with a minimum of 0.3% of the value of the trade, not exceeding R100.000. R1 000 per day that such entries are not passed.	Directive EJ 1.6 & 1.7	2
331			
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	Directive EJ 3.1	1
332			
How and by when are objections to penalties imposed by the Settlement Authority to be lodged?	* In writing * Signed by the settlement officer * Received by the settlement authority by 15H00 on the day the penalty is payable.	Directive EJ 3.2	2
333			
What is the JSE entitled to publish in the event it imposes a penalty on a member in terms of Directive EJ1?	The circumstances giving rise to and the details of the penalty imposed.	Directive EJ 4	1
334			
What additional action may be taken against a member who has had a penalty imposed in terms of Directive EJ1 as a result of a transgression of his settlement obligations?	Disciplinary action in terms of the rules	Dir EJ 2	0.5
335			
What are the Settlement Authority fees which apply to the following services: 1. Provision of securities lending facilities to member to settle? 2. Provision of funds to a member to enable settlement?	1. R1 000 plus the greater of R1 000 or 5% p.a. of the initial value of the loaned enable a equity securities over The period. R1 000 plus interest of 5% p.a. above	Directive EK 1.1 & 1.2	2

Question	Answer	Reference	Marks
336			
<p>What are the Settlement Authority fees which apply to the following services:</p> <p>1. Executing the process having invited a member or client to voluntarily close a transaction.</p> <p>2. Executing the process to close a failed trade.</p> <p>3. Resolution of a corporate action entitlement resulting from loaned equity securities?</p>	<p>1. R1 000 payable by the member who introduced the trade which resulted in the execution of the process.</p> <p>2. R5 000 payable by the member who introduced the failed trade.</p>	<p>Directive EK 1.3 & 1.4 & 1.5</p>	2.5
337			
<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 do so.</p> <p>2. That the settlement agent:</p> <p>2.1 Assists the TSP in meeting its obligations to ensure settlement of proprietary trades and trades executed on behalf of non-controlled clients.</p> <p>2.2 Monitors unsettled proprietary and non-controlled clients trades.</p> <p>2.3 Insitutes any action which is necessary to ensure the TSP meets its obligations to settle.</p>	<p>Directive FI 1, 2 & 4</p>	3
338			
<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>	<p>Directive FI 3</p>	0.5
339			
<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.</p> <p>2. PEOPLE AND RESOURCE - adequate numbers of suitably qualified personnel of integrity.</p> <p>3. INTERNAL CONTROL - documented, designed to ensure business is properly conducted and that the assets of a member are safeguarded.</p> <p>4. CONTINUITY OF BUSINESS - adequate financial resources and risk management systems.</p> <p>5. INFORMATION TECHNOLOGY SYSTEMS - documented,designed to prevent unauthorized use,properly tested to assure continuity of operation.</p>	<p>Directive FK 1</p>	5

Question	Answer	Reference	Marks
340			
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. True or false?	False	Directive FL 3	0.5
341			
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?	<ul style="list-style-type: none"> - That the functions for which the CSP is responsible are performed strictly in terms of the Act, rules and directives. - That the CSP acts as an agent for the TSP in all actions it performs. - That the CSP permits an audit of its role as a CSP on behalf of the TSP. - That the CSP utilize the BDA system. 	Directive FL 4	2
342			
What is a TSP who appoints a CSP required to ensure regarding the processing of receipts and payments on the TSP's: - Current banking account. - Settlement banking account. - Non-resident banking account and - Trust account?	That the CSP has the necessary authority to process receipts and payments.	Directive FL 6.1	0.5
343			
What is a TSP who appoints a CSP required to do regarding the TSP's security transfer stamp?	Grant authority to the CSP to utilise the stamp together with an authorised signatory of the CSP for use on transfer forms and other similar documents.	Directive FL 6.2	1
344			
What is a TSP who appoints a CSP required to ensure regarding custody	<ul style="list-style-type: none"> - That an account in the name of a nominee company owned by the TSP be opened at the TSP's CSDP. - That the CSDP will only accept instructions, other than settlement instructions, from the CSP. - The member shall not be permitted to open an account in its own name. 	Directive FL 6.3	1.5
345			
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. Itemise 5 types of irregular behaviour mentioned in Directive FL 7.	<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. 5. The theft of client's securities or funds. 	Directive FL 7	2.5

Question	Answer	Reference	Marks
346			
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 "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?	<ul style="list-style-type: none"> - Promptly advise the other party (TSP or CSP). - 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; - promptly give notice in writing of the discovery to the insurance brokers acting for the JSE. 	Directive FL 8	1.5
347			
Prior to terminating an arrangement with a CSP, what is a TSP required to do?	Obtain the consent of the JSE.	Directive FL 9	0.5
348			
What are the functions for which a TSP is responsible regarding the take on of existing clients by the CSDP?	<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 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. 	Dir FL Table 1.1	2
349			
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. Retail original mandate, account loading documentation and relevant evidence of verification of the client's identity. 	Dir FL Table 1	5
350			
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. 	Dir FL Table 1	2

Question	Answer	Reference	Marks
351			
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 loading. 3. Process amendment to client information after examining written authority obtained from the client. 4. Timeously provide written authority for amendments obtained from clients to CSP. 	Dir FL Table 2	3.5
352			
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.	Dir FL Table 2	1
353			
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. 	Dir FL Table 3	2
354			
What are the functions for which a CSP is 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. 5. Ensure that the receipt has been recorded in the correct client's account with refernce to the name of the registered holder of the certificate. 	Dir FL Table 3	2.5
355			
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 indentifying the depositer in respect of remote deposits or direct transfers. 3. Process receipt of funds on the BDA system after examining relevant proof of the deposit. 	Dir FL Table 11	1.5
356			
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 indentifying the depositer in respect of remote deposits or direct tranfers. 3. Process receipt of funds on the BDA system after examining proof of the deposit. 	Dir FL Table 11	1.5

Question	Answer	Reference	Marks
357			
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. 	Dir FL Table 10	3.5
358			
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 scrip 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 CSDP. 	Dir FL Table 4	2
359			
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. 	Dir FL Table 5	1
360			
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. 	Dir FL Table 5	1.5
361			
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.	Dir FL Table 6	0.5

Question	Answer	Reference	Marks
362			
What are the functions for which a CSP is responsible regarding inter-account transfers?	<ol style="list-style-type: none"> 1. Approval of transfer of shares after examining written authority obtained from the client. 2. Process inter-account transfer of equity securities on the BDA system. 3. Levying of Uncertificated Securities Tax in respect of change of beneficial ownership of shares (if applicable). 	Dir FL Table 6	1.5
363			
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 after examining written authority obtained from the client. 2. Advise the TSP's CSDP to transfer the equity securities to the custody account of the other TSP or 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. 	Dir FL Table 7	1.5
363.1			
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. 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 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. 	Dir FL Table 8	2.5
363.2			
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 and 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. 	Dir FL Table 8	3

Question	Answer	Reference	Marks
364			
What are the functions for which a TSP is responsible regarding the withdrawal of funds?	<ol style="list-style-type: none"> 1. Obtain written authority from client for all third party payments and submit to CSP. 2. Electronic payments utilising a bank's payment system: Effect electronic transfer of funds to clients and if effected by the TSP, submit 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. 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. 	Dir FL Table 13	4
365			
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 : Effect electronic transfers of funds to clients. Approval of withdrawal of funds including examining written authority for third party payments if applicable. 2. Electronic payments utilising the BDA system: release the transfers of funds to clients on the BDA system. 3. Cheque payments: 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: authorise the processing of the withdrawal of the funds on the BDA system when there is dual authorisation, process withdrawal of funds on the BDA system when there is no dual authorisation. 	Dir FL Table 13	4
366			
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.	Dir FL Table 12	1
367			
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. 	Dir FL Table 12	1
368			
Who is responsible for the reconciliation of client credit cash balances with JSET on a daily basis?	The CSP	Dir FL Table14	0.5

Question	Answer	Reference	Marks
369			
What is the function for which the TSP is responsible regarding corrections and adjustments to equity securities and fund balances?	Advise the CSP of the details of corrections and adjustments to be effected to equity securities and fund balances or client accounts in respect of any errors identified by the TSP.	Dir FL Table 15	1
370			
Who is responsible for: - Balancing the BDA system nominee register to the CSDP custody account daily, and - Submitting the monthly nominee register balancing reports to the Director:Surveillance.	The CSP	Dir FL Table 9	0.5
371			
What are the functions for which a TSP is responsible relating to the reconciliation and control of key accounts?	1. Investigate the reason for reconciling items in settlement related and client trust bank account reconciliations. 2. Reconcile and clear reconciling items in non settlement bank account reconciliations timeously. 3. Analyse items on unidentified client deposit accounts. 4. Investigate items on unidentified client deposit accounts to determine the identity of the depositor.	Dir FL Table 18	2.5
372			
What are the functions for which a CSP is responsible relating to the reconciliation and control of key accounts?	1. Reconcile, investigate and clear reconciling items on - settlement related and trust bank accounts - dividend and rights accounts - quantity and suspense accounts 2. Ensure that the STRATE funds settlement account is cleared to zero the day after settlement day for settlement day value. 3. Re-allocate deposits on the unidentified clients deposit account after examining documentation obtained by the TSP identifying the depositor.	Dir FL Table 18	2.5
373			
What is a function for which a CSP is responsible relating to the reconciliation and control of the STRATE funds settlement account?	Ensure that the account has a nil balance the day after settlement day for settlement day value.	Dir FL Table 18	1

Question	Answer	Reference	Marks
374			
What are the functions for which a TSP is responsible relating to monthly client account statements?	<ol style="list-style-type: none"> 1. Ensure that controlled client account statements which are produced and distributed by an independent third party are delivered to the client. 2. Distribute non-controlled client account statements to the relevant clients. 3. Ensure that controlled and investment managed client account statements which do not contain postal addresses are received by the clients. 4. Investigate the reasons for statements being returned undelivered and obtain written confirmation of the correct address from the client. 5. Rectify any incorrect addresses on CLMNT with references to the written Confirmation obtained from the client. 	Dir FL Table 19	5
375			
What are the functions for which a CSP is responsible relating to monthly client account statements?	<ol style="list-style-type: none"> 1. Collect monthly controlled client & investment managed client statements and distribute those with postal addresses to the clients, if such statements are not distributed by an independent third party. 2. Distribute non-controlled statements to the relevant clients. 3. Deliver controlled and managed client statements which do not contain postal 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 posted to clients. 5. Submit returned statements to the TSP for their follow up and rectification. 6. Ensure that incorrect addresses are corrected timeously by the TSP and validate the correction of the address on CLVER with reference to the written Confirmation obtained from the client. 	Dir FL Table 19	5.5
376			
Who is responsible for attending to: * trading queries; and * account or custody queries?	The TSP	Dir FL Table 15.1	0.5
377			
Who is responsible for processing any corrections on client accounts arising out of client queries?	The CSP	Dir FL Table 15.2	0.5

Question	Answer	Reference	Marks
378			
What are the functions for which a TSP is responsible regarding BDA and Merva 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 access. 3. Jointly advise the JSE in writing of the names and BDA user identification numbers of the persons at the TSP and/or CSP to whom access to Merva should be granted, with specific regard to the segregation of functions and responsibilities set out in Dir FL Table 1.1 para 17.7 & 17.8. 4. Initiate electronic instructions to the TSP's CSDP via Merva in respect of withdrawals or transfers of uncertificated securities held in the TSP's custody account at the CSDP. 	Dir FL Table 17	3
379			
What are the functions for which a CSP is responsible relating to BDA and Merva access?	<ol style="list-style-type: none"> 1. Advise the JSE in writing of the name and BDA user identification number of the person at: <ul style="list-style-type: none"> * The CSP to whom update access should be granted to the SECFN function that enables other users to access the various BDA functions. * the TSP to whom validation access to the SECFN function should be granted. 2. Provide update or enquiry access to the various BDA 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 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 Merva should be granted, with specific regard to the segregation of functions and responsibilities set out in Dir FL Table 1.1 para 17.7 & 17.8. 5. Initiate electronic instructions to the TSP's CSDP via Merva in respect of withdrawals or transfers of uncertificated securities held in the TSP's custody account at the CSDP. 6. Approve and release electronic instructions to the TSP's CSDP via Merva in respect of withdrawals or transfers of uncertificated securities affecting the custody account at the CSDP. 	Dir FL Table 17	8
380			
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 DLXOP. 4. Balancing of the BDA bonds custody records to the records of the TSP's settlement agent. 	Dir FL Table 20	2.5

Question	Answer	Reference	Marks
381			
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. 2. Correction of financial element of deal contras on JNLUP. 	Dir FL Table 20	1
382			
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. 	Rule 11.20.1	4
383			
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. 	Rule 11.20.2	6
384			
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. 	Rule 11.30	2
385			
Reserved			
386			
Reserved			

Question	Answer	Reference	Marks
387			
1. A member must maintain a record of all client complaints. What must the record of complaints include? AND 2. For how long must the records be maintained?	1. (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.	Rule 11.50	2
388			
To whom may a client lodge an unresolved complaint?	The Director: Surveillance.	Rule 11.60.2	0.5
389			
Define "settlement period"	One of the prescribed portions of the year for the settlement of Krugerrands, as set out in the directives.	Rule 1.40	0.5
390			
Do the provisions of the Act and the rules and directives which apply to equity securities also apply to transactions in Krugerrands?	Yes, where relevant.	Rule 15.10.1	0.5
391			
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?	1. No. 2. No.	Rule 15.10.2	1
392			
A contract note need not be issued by a member to its client in respect of each transaction in Krugerrands. True or False?	False.	Rule 15.10.3	0.5

Question	Answer	Reference	Marks
393			
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?	1. Directly between members. 2. On any business day of the new settlement period during the hours laid down in JSE directives. 3. No	Rule 15.10.4	1.5
394			
What procedures must be followed when deliveries of Krugerrands are made between members?	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. 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 members.	Rule 15.10.5	3
395			
What does acceptance of delivery of Krugerrands by a member or client constitute?	An acknowledgement that the receiver has inspected the coins and that they are genuine which, in the case of coins held in safe custody, will only be effective upon acceptance out of safekeeping.	Rule 15.10.6	1.5
396			
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.	Rule 5.10.7	1
397			
What must a member do when Krugerrands purchased on behalf of clients come into its possession?	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.	Rule 5.10.7	2

Question	Answer	Reference	Marks
398			
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 SP?	<p>1. A signed mandate which must contain the minimum requirements prescribed by the JSE must be obtained from the client.</p> <p>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 in</p> <p>3. A register of each mandate and a safe custody ledger must be kept.</p>	Rule 15.10.8	2
399			
How are transactions in Krugerrands required to be recorded in the books of a member?	On the same basis as a record is maintained for 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.	Rule 15.10.9	1.5
400			
How are Krugerrand transactions required to be loaded on the JSE trading system?	In cents per coin with no fraction of a rand.	Dir HA 1	0.5
401			
How and when are Krugerrand transactions entered and matched on the JSE trading system to be reflected and on what basis?	<p>* Reflected on the member's direct account on the next business day,</p> <p>* for gross settlement on a trade by trade basis.</p>	Dir HA 2	1
402			
Who arranges to off-set Krugerrand settlements between members?	The members themselves.	Dir HA 3	0.5
403			
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.	Dir HA 4	0.5
404			
<p>* Through which offices must settlements in Krugerrands take place if both members have offices in the greater Johannesburg Metropolitan area and</p> <p>* who is responsible for secure and timeous delivery of such items?</p>	<p>* Through such office whether or not head office, brach office or agency office,</p> <p>* the delivering member.</p>	Dir HA 5 & 6	1.5

Question	Answer	Reference	Marks
405	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?	Dir HA 7	1
406	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?	Dir HA 7	1
407	On payment of the proceeds and receipt of the proceeds of a transaction in Krugerrands, what must both members do?	Dir HA 11	1
408	When must Krugerrands be allocated to the purchasing client : * if the client has paid and * if the client has not paid?	Dir HA 12	1
409	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?	Dir HA 13	2
410	Define "beneficial owner"	Rule 1.40	1
411	Define "corporate action"	Rule 1.40	1

Question	Answer	Reference	Marks
412			
Define "registered owner"	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 sub-register of that issuer kept by a CSDP in terms of the Companies Act.	Rule 1.40	1
413			
Define "circular"	Any document sent to registered and beneficial owners of listed securities by an issuer of securities including notices of meetings but excluding - <ul style="list-style-type: none"> · listings particulars · company reports · proxy forms and · corporate Action Notices. 	Directive CA	3
414			
Define "company reports"	Annual or interim reports and financial statements.	Directive CA	0.5
415			
Reserved			
416			
Define "CUM"	Including or qualifying for an entitlement arising from a corporate	Directive CA	0.5
417			
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 <ul style="list-style-type: none"> · announced or · captured on SENS. 	Directive CA	1
418			
Define "election"	The exercise of any or all of the <ul style="list-style-type: none"> · Elective · Voting · Conversion · Redemption or · Other rights attached to securities. 	Directive CA	1.5
419			
Define "election date"	The business day by which an election in relation to a corporate action must be received by an CSDP.	Directive CA	1
420			
Define "election deadline"	11h00 on election date by which a member of, if applicable, its CSP must convey to a CSDP an election.	Directive CA	1

Question	Answer	Reference	Marks
421			
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 of ownership of the securities themselves.	Directive CA	3
422			
Define "event type"	A classification of a corporate action.	Directive CA	0.5
423			
Define "EX"	Excluding or non-qualifying for an entitlement arising from a corporate action.	Directive CA	0.5
424			
Define "finalisation date"	The business day determined by the issuer on which details of a corporate action become unconditional in all respects and irrevocable.	Directive CA	1
425			
Define "first day to trade"	The first business day on which: - any new securities arising from a Corporate Action are listed and may be traded - any mother security is traded "EX".	Directive CA	1.5
426			
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.	Directive CA	1
427			
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.	Directive CA	1.5
428			
Define "LDT + (inserted number)"	a) The same number of days as the inserted number after LDT.	Directive CA	1
Define "LDT - (inserted number)"	b) The same number of days as the inserted number before LDT.		
429			
Define "listed company"	A company, any class of whose securities are listed.	Directive CA	0.5
430			
Define "mother company"	The Security on which the corporate action has been declared.	Directive CA	0.5

Question	Answer	Reference	Marks
431			
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.	Directive CA	2
432			
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.	Directive CA	1.5
433			
Define "payment date"	The business day on which entitlement will be paid distributed in cash or securities as the case may be.	Directive CA	1
434			
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 RD.	Directive CA	1.5
435			
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.	Directive CA	1.5
436			
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.	Directive CA	1
437			
Define "ratio"	Any basis of the entitlement reflected as a ratio, which shall be depicted to 5 decimal places.	Directive CA	0.5
438			
Define "R.D."	Record date.	Directive CA	0.5
439			
Define "RD + (inserted number)"	The same number of days as the inserted number after the RD.	Directive CA	1
Define "RD - (inserted number)"	The same number of days as the inserted number before the RD.		

Question	Answer	Reference	Marks
440			
Define "Record Date"	The business day determined by the issuer on which the holding, upon which the entitlement is based, is ascertained.	Directive CA	1
441			
Define "Capital Reduction with Cash Payout"	An event where payment of cash is made to registered owners when excess capital held by the company is distributed.	Directive CB 1	1
442			
Define "Capital Reduction with Securities payout"	An event where a distribution of: - New securities or a - New class of securities is made to registered owners when excess capital held in the company is distributed.	Directive CB 2	0.5
443			
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.	Directive CB 3	1
444			
Define "Capital repayment (Partial)"	An event where the issuer pays a part of the issued capital in respect of one or more classes of securities to registered owners.	Directive CB 4	0.5
445			
Define Capital Issue. (including "Bonus Issue" and a "Capitalisation award"	An event where fully paid shares capitalised from an issuers reserves, are issued in proportion to the holdings on RD to registered owners.	Directive CB 5	0.5
446			
Define "Cash Dividend"	An event where an issuer distributes reserves in cash to registered owners.	Directive CB 6	0.5
447			
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.	Directive CB 7	1
448			
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 an increase in the par value of the resultant number of issued shares of the same class. The total nominal value of the issued share capital in respect of that class remains the same.	Directive CB 8	1

Question	Answer	Reference	Marks
449			
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 election.	Directive CB 9	1
450			
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 election	Directive CB 10	1
451			
Define "conversion - Election (full)"	An event where the registered owners, (where applicable for the benefit 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.	Directive CB 11	1
452			
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.	Directive CB 12	1
453			
Define "dividend option"	An event where an issuer distributes reserves to registered owners and the registered owner, where applicable acting for the beneficial owner has the option to elect either capitalisation shares or cash.	Directive CB 13	1
454			
Define "interest payment"	An event where interest is paid to registered owners of interest bearing securities at a fixed or variable rate.	Directive CB 14	1
455			
Define " A Liquidation Payment" (interim or Final).	An event where the payment of cash is made on the winding up of the company and subsequent termination of securities. Interim Liquidation Payments will be paid out whilst securities are still listed but once a final liquidation payment is made the securities will be de-listed.	Directive CB 15	1.5
456			
Define "name change"	An event where the registered name of a company is changed	Directive CB 16	0.5

Question	Answer	Reference	Marks
457			
Define "new listing"	<p>An event where a new type or class of securities is to be issued and listed on the JSE. As a result of:</p> <ul style="list-style-type: none"> · A Public Offer - being an offer to the public to subscribe for securities · A Private Placing - being a non-renounceable offer to specified persons or entities identified by the issuer to subscribe for securities or · A preferential offer - being an offer to some or all - directors - employees - pensioners and - direct business associates of the issuer to subscribe for securities. 	Directive CB 17	4
458			
Define "odd lot offer"	<p>An event where a listed company offers all registered owners of odd lots the option to either to:</p> <ul style="list-style-type: none"> - elect to retain their holding - elect to top up their holding to a round lot or - elect or sell their holdings and failing an election the odd lot will be sold for the benefit of registered owners. 	Directive CB 18	1.5
459			
Define "redemption without election"	<p>An event where an issuer repays the redeemable preference share capital or debenture securities in full to registered owners in cash or new securities as, stipulated by the issuer prior to finalisation date.</p>	Directive CB 20	1
460			
Define "Rights Offer"	<p>An event where an offer is made by an issuer to registered holders to:</p> <ul style="list-style-type: none"> - subscribe for further securities or - purchase securities held by the issuer - in other issued securities in proportion to their existing holdings. <p>The offer is made either by means of</p> <ul style="list-style-type: none"> - the issue of a renounceable letter of right that may be sold taken up or lapsed or - the issue of a non-renounceable letter, which may only be taken up or lapsed. 	Directive CB 21	4

Question	Answer	Reference	Marks
461			
Define "scheme of arrangement"	<p>An event where registered owners are obliged to dispose of the relevant securities in terms of a scheme for a consideration which:</p> <ul style="list-style-type: none"> - May or may not be subject to an election as to it's content; and if so, - where the registered owner (where applicable acting on instructions of beneficial owners) may exercise election. <p>The scheme shall have been:</p> <ul style="list-style-type: none"> - proposed in terms of section 11 of the Companies Act; - approved by registered owners; - sanctioned by the High Court; and - registered by the Registrar of Companies. 	Directive CB 22	3
462			
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 total nominal value of the issued share capital in respect of that class remains the same.</p>	Directive CB 23	1.5
463			
Define "termination"	<p>An event where the listings status of securities on the JSE is withdrawn</p>	Directive CB 24	0.5
464			
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 or 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 85 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. 	Directive CB 25	5
465			
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>	Directive CB	3

Question	Answer	Reference	Marks
466			
Define "redemption with election"	An event where an issuer repays the redeemable preference share capital or debenture securities to registered owners, and where applicable acting on the instructions of the beneficial owner, has the option to elect either a cash repayment or new securities.	Directive CB 19	1.5
467			
How many days before RD is a corporate action required to be announced on SENS?	At least 15 business days.	Directive CD 1	1
468			
During what period is dematerialization or re-materialization of the affected securities not permitted?	RD - 4 to RD.	Directive CD 3	0.5
469			
What is the last day a security can trade CUM a corporate action and how many business days is such day after finalization date?	LDT at least 5 business days.	Directive CD 5	0.5
470			
On which day will securities be treated as "ex" the corporate action?	LDT + 1 or First Day to Trade.	Directive CD 5	0.5
471			
On or before what day are affected parties required to make an election? and How many business days must such day be after LDT? and How many business days must such day be before RD?	Election Day 3 Business days (LDT +3) 2 Business days (RD - 2)	Directive CD 6	1.5
472			
On which holdings are beneficial owners, members or CPD's required to base their election in a corporate action?	On the projected holdings as at RD.	Directive CD 7	0.5
473			
On what business day may dematerialisation and re-materialisation of an affected security re-commence?	Payment date (RD+1).	Directive CD 10	0.5

Question	Answer	Reference	Marks
474			
What is the responsibility of a member or its CSP regarding conveying the election decision to that member's CSDP?	To convey the election decision not later than the relevant deadline whether in terms of: - a standing mandate - a specific mandate - or otherwise.	Directive CD 14	1
475			
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.	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. Rights Offer. 8. Redemption With Election. 9. Schemes of Arrangement (with election).	Directive CE 4	1.5
476			
How frequently are members required to reconcile designated corporate action control accounts?	1. As frequently as is appropriate for the volume of transactions on the control. 2. In any event not less than every 2 days.	Directive CF 1	1
477			
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.	Directive CF 2	1
478			
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.	Directive CF 3	1
479			
Who will manage all claims in respect of corporate actions, where the Settlement Authority has instituted lending arrangements or failed trade procedures?	The Settlement Authority	Rule 10.150	0.5