

MARKET NOTICE

Number: 130A/2016
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives

Date: 7 March 2016

SUBJECT: PROPOSED AMENDMENTS TO THE EQUITIES RULES – SETTLEMENT OFFICERS

Name and Surname: Shaun Davies
Designation: Director - Market Regulation

Members are advised that the proposed amendments to the JSE equities rules, attached as Annexure A, were adopted by the JSE executive committee on 7 March 2016.

The purpose of the amendments is to permit members to outsource the role of settlement officer either to an employee of a CSP or to an employee of another member acting as a settlement agent in terms of Directive FI. This is achieved through an amendment to the definition of “settlement officer.” The current rules only permit the role of alternate settlement officer to be outsourced to a CSP. We are of the view that a member can still meet its responsibility to ensure that its settlement obligations are met through an appropriate outsourcing arrangement in which a designated person is appointed to perform the settlement officer function and bind the member in respect of any actions taken or decisions made by that person in relation to settlement.

We have also amended the definition of “alternate settlement officer” in line with the amended “settlement officer” definition to reflect that if the role is outsourced it can be outsourced to an employee of a settlement agent appointed in terms of Directive FI and not only an employee of a CSP appointed in terms of Directive FL. This is in line with the original intention of the outsourcing arrangements provided for under Directive FI. A similar amendment has been made to rule 4.40.6 to reflect the original intention in providing for outsourcing arrangements under Directive FI.

Finally, we have amended the definition of “settlement agent” by replacing the reference to a “CSDP” with “other member” to align the definition to the provisions of Directive FI, which contemplate the settlement agent being another member rather than a CSDP.

Unless written objections are lodged within 10 days of this notice, in terms of rule 2.60.3, the proposed amendments to the rules will be submitted to the registrar for his approval.

Should you have any queries regarding this notice, please contact Paul Hartzberg on (011) 520 7584 or at paulh@jse.co.za

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>