

PROPOSED AMENDMENTS TO THE JSE EQUITIES RULES

General explanatory notes:

1. Words underlined with a solid line (___) indicate the insertions in the existing rules and directives
2. Words in bold and in square brackets ([]) indicate deletions from the existing rules

Proposed amendment to rule 10.140.4

10.140 Margin on transactions in equity securities

- 10.140.1 A member will be required to provide margin to the JSE as contemplated in rule 10.140.2 in respect of unsettled transactions in equity securities.
- 10.140.2 Margin is payable by a member before 12h00 on the second business day after the trade –
- 10.140.2.1 in respect of a non-controlled client transaction where, by end of day on the first business day after the trade date, the CSDP of the non-controlled client has not committed to settle the transaction on behalf of that client;
- 10.140.2.2 in respect of a controlled client sale transaction where, by end of day on the first business day after the trade date, the controlled client –
- 10.140.2.2.1 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;
- 10.140.2.2.2 has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system;
- 10.140.2.2.3 has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient equity securities for the sale to settle on settlement date; or
- 10.140.2.2.4 does not have a corporate action equity share entitlement that will provide sufficient equity securities for the sale to settle on settlement date;
- 10.140.2.3 in respect of a controlled client purchase transaction where, by end of day on the first business day after the trade date, the controlled client –
- 10.140.2.3.1 does not have sufficient funds in the custody of the member or the member's CSP for the transaction to settle on settlement date;
- 10.140.2.3.2 has not concluded a sale transaction which is due to settle on or before the settlement date of the purchase and which will provide sufficient funds for the purchase to settle on settlement date; or
- 10.140.2.3.3 does not have a corporate action cash entitlement that will provide sufficient funds for the purchase to settle on settlement date;
- 10.140.2.4 in respect of a sale transaction for the member's own account where, by end of day on the first business day after the trade date, the member –
- 10.140.2.4.1 does not have sufficient equity securities available for the transaction to settle on settlement date;
- 10.140.2.4.2 has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system;

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- 10.140.2.4.3 has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient equity securities for the sale to settle on settlement date; or
 - 10.140.2.4.4 does not have a corporate action equity share entitlement that will provide sufficient equity securities for the sale to settle on settlement date;
 - 10.140.2.5 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.
- 10.140.3 Margin is calculated in accordance with principles set out in the directives and is payable and repayable on such dates as may be prescribed in the directives.
- 10.140.4 To the extent that margin payable by a member relates to transactions on a client's account, the member may request the client to fund that portion of the margin which relates to that client. [recover such margin from the client.] Any margin which a member has funded will be held by the JSE as collateral posted by the client and will only be used by the JSE to meet the obligations of such client arising from unsettled transactions on that client's account. The member must refund the client forthwith upon the repayment of margin to the member by the JSE.