

General explanatory notes:

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

Overall changes (with effect from 9 May 2011)

The term “ a Yield-X security” wherever the same appears is substituted by “an IRC security”.

The term “Yield-X securities” wherever the same appears is substituted by “IRC securities”.

The term “Yield-X trading system” wherever the same appears is substituted by “trading system”.

The term “the Yield-X rules” wherever the same appears is substituted by “these rules”.

The term “these Yield-X rules” wherever the same appears is substituted by “these rules”

The term “settlement agent” wherever the same appears is substituted by “CSDP”.

The term “STRATE settled bonds” wherever the same appears is substituted by “bonds”.

The term “STRATE” wherever the same appears is substituted by “Strate”.

The term “JSE Gazette” wherever the same appears is substituted by “JSE Market Notice”

Section B: Qualification Requirements

BA Qualifications to manage investments and provide investment advice

[8. Transitional provision]

[A person who qualified, as at 31 October 2008, to advise on transactions in JSE authorised investments or exercise discretion in the management of JSE authorised investments in terms of AB 1.1.1, as it existed at 31 October 2008, must be exempted from or obtain a pass in the additional applicable modules of the Registered Persons Examination of the South African Institute of Financial Markets prescribed in this directive by 31 March 2009.]

BB Qualifications to be registered as a dealer

1 Bonds

1.1 In accordance with rule 3.120.[5] 6, an employee of a trading member may execute transactions in bonds if the employee–

1.1.1 has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:

1.1.1.1 *Regulation and Ethics of the South African Financial Markets;*

1.1.1.2 *Introduction to the Financial Markets;* and

1.1.1.3 *The Bond Market;* or

1.1.2 **[is] was registered as a bond trader in the BESA market of the JSE [with the Bond Exchange of South Africa Limited or was registered as a trader with the Bond Exchange of South Africa Limited as at 28 February 2005 or thereafter] as at 9 May 2011;** or

1.1.3 was registered as a junior or senior dealer with the JSE, in terms of the JSE derivatives rules, as at 28 February 2005; or

- 1.1.4 is a stockbroker and has been exempted from or obtained a pass in *The Bond Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
- 1.1.5 has qualified as a Regular Member of the Chartered Financial Analyst Institute.

2 Interest rate derivatives

- 2.1 In accordance with rule 3.120.[5]6, an employee of a trading member may execute transactions in interest rate derivatives if the employee –
 - 2.1.1 has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:
 - 2.1.1.1 *Regulation and Ethics of the South African Financial Markets*;
 - 2.1.1.2 *Introduction to the Financial Markets*;
 - 2.1.1.3 *The Derivatives Market*; and
 - 2.1.1.4 *The Bond Market*; or
 - 2.1.2. [is] was registered. as a bond trader or a derivatives trader in the BESA market of the JSE [with the Bond Exchange of South Africa Limited or was registered as a trader with the Bond Exchange of South Africa Limited as at 28 February 2005 or thereafter;] as at 9 May 2011; Provided that, if the employee will execute transactions in options, he has also been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 2.1.3 was registered as a junior or senior dealer with the JSE, in terms of the JSE derivatives rules, as at 28 February 2005; or
 - 2.1.4 is a stockbroker and has been exempted from or obtained a pass in *The Derivatives Market* and *The Bond Market* modules of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 2.1.5 has qualified as a Regular Member of the Chartered Financial Analyst Institute and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 2.1.6 has qualified as a Charterholder Member of the Chartered Financial Analyst Institute.

3 Currency derivatives

- 3.1 In accordance with rule 3.120.[5]6, an employee of a trading member may execute transactions in currency derivatives if the employee–
 - 3.1.1 has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:
 - 3.1.1.1 *Regulation and Ethics of the South African Financial Markets*;
 - 3.1.1.2 *Introduction to the Financial Markets*; and
 - 3.1.1.3 *The Derivatives Market*; or
 - 3.1.2 was registered with the JSE as a dealer on the agricultural products market, in terms of the JSE derivatives rules, as at 30 June 2007; or
 - 3.1.3 is a stockbroker and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 3.1.4 has qualified as a Regular Member of the Chartered Financial Analyst Institute and has been exempted from or obtained a pass in *The Derivatives Market*

- module of the Registered Persons Examination of the South African Institute of Financial Markets; or
- 3.1.5 has qualified as a Charterholder Member of the Chartered Financial Analyst Institute; or
- 3.1.6 is employed as a dealer executing transactions in foreign exchange on behalf of a trading member which is an Authorised Dealer and has been employed in that capacity for a period of not less than three months.

4 Derivative securities

- 4.1 In accordance with rule 3.120.[5]6, an employee of a trading member may execute transactions in derivatives securities if the employee –
 - 4.1.1 has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:
 - 4.1.1.1 *Regulation and Ethics of the South African Financial Markets;*
 - 4.1.1.2 *Introduction to the Financial Markets;*
 - 4.1.1.3 *The Equities Market; and*
 - 4.1.1.4 *The Derivatives Market; or*
 - 4.1.2 is a stockbroker and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 4.1.3 has qualified as a Regular Member of the Chartered Financial Analyst Institute and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 4.1.4 has qualified as a Charterholder Member of the Chartered Financial Analyst Institute.

5 Foreign commodity derivatives

- 5.1 In accordance with rule 3.120.[5]6, an employee of a trading member may execute transactions in foreign commodity derivatives if the employee–
 - 5.1.1 has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:
 - 5.1.1.1 *Regulation and Ethics of the South African Financial Markets;*
 - 5.1.1.2 *Introduction to the Financial Markets; and*
 - 5.1.1.3 *The Derivatives Market; or*
 - 5.1.2 was registered with the JSE as an agricultural derivatives dealer, in terms of the JSE derivatives rules, as at 31 October 2008; or
 - 5.1.3 is a stockbroker and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 5.1.4 has qualified as a Regular Member of the Chartered Financial Analyst Institute and has been exempted from or obtained a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - 5.1.5 has qualified as a Charterholder Member of the Chartered Financial Analyst Institute; or
 - 5.1.6 is employed as a dealer executing transactions in foreign exchange or foreign commodities on behalf of a trading member which is an Authorised Dealer and has been employed in that capacity for a period of not less than three months.

BD Qualifications to be registered as a Compliance Officer, [or] Settlement Officer or Alternate Settlement Officer

1 Compliance Officers

1.1 The Compliance Officer appointed and registered by a member must, in terms of rule 3.120.2.2, be exempted from or have obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:

1.1.1 *Regulation and Ethics of the South African Financial Markets;*

1.1.2 *Introduction to the Financial Markets; and*

[1.1.3 *The Derivatives Market; and]*

1.13[4] *The Bond Market.*

[1.2 A Compliance Officer appointed and registered by a member in terms of rule 3.120.1 as at 31 May 2010 must meet the qualification requirements set out in BD 1.1 by 30 November 2010.]

1.2 A Compliance Officer appointed by a member that is authorised to trade in interest rate or currency derivatives must, in addition to the modules in 1.1, obtain a pass in *The Derivatives Market* module of the Registered Persons Examination of the South African Institute of Financial Markets.

2 Settlement Officers and Alternate Settlement Officers

The Settlement Officer and alternate Settlement Officer appointed and registered by a member must, in terms of rule 3.120.3[.1] and 3.120.4, have obtained a pass in the Yield-X Settlement Officer's Examination within a timeframe to be set by the JSE and notified to members in due course.

Section C: Trading

CA Yield-X Trading system

- 10 The Yield-X trading system will operate on every business day according to the following standard periods and times-
- 10.1 trade reporting period for IRC securities other than currency derivatives: 07h00 to 18h00 [market pre-opening period: 07h40 to 07h45];
 - 10.2 administration period for currency derivatives: 08h00 to 09h00 [opening auction call period: 07h45 to 08h00];
 - 10.3 automated trading period for IRC securities other than currency derivatives: 08h00 to 17h00 [16h45];
 - 10.4 automated trading period for currency derivatives: 09h00 to 17h00 [intra-day auction call period: 12h00 to 12h15];
 - 10.5 trade reporting period for currency derivatives: 09h00 to 17h30 [closing auction call period: 16h45 to 17h00];
 - 10.6 administration period for currency derivatives: 17h00 to 17h30 [17h15];
 - 10.7 administration period for IRC securities other than currency derivatives: 17h00 to 18h00
 - 10.7[8] system close: 18h00 [17h15].

CB Agency Suspense Accounts

- 2 Subject to CB 8, [A] any unallocated purchase or sale which emanates from a firm order [on behalf of] from a client must be placed in a suspense account and must be allocated to a client's account by the close of business.
- 6 [Positions] Trades not allocated to clients by the close of business on the trade date [end of the business day following that on which the trade was executed] must be transferred to a misdeals account by the close of business on the following business day.

- 8 If a trading member uses an agency suspense account dedicated to a particular client for the allocation of trades to underlying accounts under the control of that client, the allocation of a trade to the dedicated suspense account is deemed to be an allocation to the client for the purpose of CB 2 and CB 6.

CC Principal Assignment Stock Accounts

- 1 Any unassigned purchase or sale position which emanates from a firm **[principal]** order from a client must be placed in a principal assignment stock account and must be assigned to a client's account by the close of business.
- 4 **[Positions]** Trades not assigned to clients by the close of business on the trade date **[end of business day]** must be transferred to a misdeals account by the close of business on the following business day.
- 5 If a trading member uses an suspense account dedicated to a particular client for the allocation of trades to underlying accounts under the control of that client, the assignment of a trade to the dedicated suspense account is deemed to be an assignment to the client for the purpose of CC 1 and CC 4.

CD Misdeal Accounts

1. A separate misdeals account or accounts must be maintained through which all misdeals in bond[s] transactions must be routed.
2. All misdeals in bond[s] transactions with clients must be transferred into a misdeals account. Transactions out of misdeals accounts must only be effected through the Yield-X trading system.
3. Bond[s] transactions placed into a client's account resulting from a missed deal, must be booked as a reported transaction from a misdeals account.

CE Reported Transactions

2. The minimum nominal values, as determined by the JSE, for value eligible reported transactions in respect of bonds are as follows –
 - 2.1 **[R50 000 000] [(fifty million Rand)] R1 (one Rand)** nominal; and
 - 2.2 **[R50 000 000] [(fifty million Rand)] R1 (one Rand)** nominal, per leg, in respect of carry transactions.

CG [Client Registration] Reserved

- 1 A member must register each client with SAFCOM by submitting a completed client registration form to the JSE. The client registration form is available from the JSE.
- 2 Registration of a client is effected when SAFCOM notifies the member that the client has been registered in the client registration records of SAFCOM.
- 3 In the case of an existing client who wishes to execute transactions in currency derivatives, registration of the client as a qualifying client is effected when SAFCOM notifies the member that the additional information, where applicable, indicating that the client is a qualifying client has been updated in the client registration records of SAFCOM.]

CI Transactions in inward listed securities and currency derivatives-Exchange Control

1. This directive sets out the compliance obligations applicable to members in relation to trading, **[hedging and holding positions]** in inward listed securities and currency derivatives, as specified in terms of Exchange Control Circular 7/2008 of 20 February 2008.
- 2 For the purpose of this directive, "inward listed securities" means securities issued by foreign issuers, which have been listed on the JSE in terms of the South African Reserve Bank's exchange control regulations.
- 3[2] A trading member may not trade in inward listed securities or currency derivatives for a non-resident blocked rand account (emigrant client). In the event that the Settlement Authority identifies a transaction for or on behalf of an emigrant client, the Settlement Authority will instruct the member to transfer the transaction from the client's account to the member's misdeals account and the member will assume responsibility for the transaction.

- 4[3] A trading member who is an authorised dealer and has been granted specific approval by the Exchange Control Department of the South African Reserve Bank to act as a market maker in the trading of currency derivatives may hedge currency derivative positions with foreign currency.

CJ Penalties

1. The following penalties may be levied by the JSE in respect of transgressions relating to reported transactions in bonds.

Transgression	Penalty
<u>1. Failure to report a trade between two members within 30 minutes from the time of the conclusion of such trade in terms of rule 7.120.2.</u>	<u>R2 100 per occurrence</u>
<u>2. Failure to report a trade between a member and a client before the trading system closing time on the trade date in terms of rule 7.120.4.</u>	<u>R2 100 per occurrence</u>
<u>3. Failure to capture the correct trade date and time when reporting a trade to the trading system in terms of rule 7.120.7.</u>	<u>R2 100 per occurrence</u>

2. If a reported transaction is concluded between two trading members, a penalty imposed in terms of CJ 1 will be levied against the member that the JSE determines was responsible for the transgression. If the JSE determines that both members are responsible for the transgression, the penalty may be imposed on both members.
3. In the absence of an objection lodged by a member in relation to any penalty imposed in terms of this directive, the member must pay the penalty imposed by the Director: Surveillance within 5 business days of the date of the invoice.
4. An objection to a penalty imposed by the Director: Surveillance must be lodged in writing accompanied by mitigating evidence as to why the penalty should be set aside. The letter of objection must be signed by the compliance officer of the member and received by the Director: Surveillance by no later than 15h00 on the day that the penalty is due and payable.
5. A decision of the Director: Surveillance in respect of the objection shall be binding on all parties, subject to the rights of appeal in terms of the Act
6. Despite the provisions of this directive, further disciplinary action may be taken by the JSE in appropriate circumstances in terms of section 4 of the rules in relation to the relevant transactions.

Section D: Prescribed Agreements

DB Clearing Agreement

2 Clearing of Yield-X securities

- 2.1 The parties agree that all transactions in Yield-X securities of the trading member or its clients which are required in terms of the rules to be cleared by the clearing house shall be cleared **[by the clearing house]** through the clearing member.

3 Security

- 3.1 By the trading member

- 3.1.1 The clearing member has requested the trading member to provide to the clearing member the security as specified in Annexure A for the due performance of all its obligations to the clearing member which may arise from **[all]** Yield-X securities cleared by the clearing house pursuant to this agreement for the trading member.

8 Client agreement

The trading member hereby undertakes to ensure that every client agreement entered into by it shall conform with the terms and conditions as prescribed by the JSE and warrants that all clients registered **[by the clearing house]** with the JSE for whom the trading member will undertake

transactions in IRC securities that are to be cleared through the clearing house shall have signed such a client agreement.

DC Client Agreement

The JSE has resolved that the Client Agreement to be entered into between a trading member and a client, as contemplated in rule 7.80.1, shall contain **[the]** terms and conditions **[set forth below, and shall be entered into between the trading member and the client with substantially the same content as set out below]** which have substantially the same effect in law as the terms and conditions in the *proforma* agreement below, to the extent that the terms and conditions below are relevant to transactions in IRC securities entered into by the trading member with or on behalf of the client. The JSE has resolved that the Risk Disclosure Statement shall be annexed to the Client Agreement if the trading member will be executing transactions in derivative instruments on the trading system, and shall contain substantially the wording as set out in Annexure A below.

4 Conditions precedent

This agreement shall be of no force and effect until the client has been **[registered by the clearing house]** loaded on the trading system in terms of the rules and has, if clause 14.4 of this agreement applies, paid the amount to be invested in terms of that clause.

DD Custody Agreement [Mandate]

In accordance with rule 10.90.4, members holding client bonds must incorporate in their client agreements the following [the] minimum requirements [to be incorporated in mandates] that relate to a member's control over the bonds holdings of its clients**[are as follows]**:

- [1]** **The mandate should provide for the immediate termination thereof, in writing, by either party to the other party.]**
- [2]1** The agreement [mandate] and/or the attached schedules should contain a list of the types of Yield-X securities and JSE authorised investments over which the member is entitled to exercise control.
- [3]2** The agreement [mandate] must state that all bonds holdings must be held by the member in safe custody on behalf of the client, subject to the applicable legislation and the JSE rules.
- [4]3** The client must warrant that any bonds delivered to the member or placed under the control of the member **[is]are** free of any lien or pledge or charge and must remain free of any such lien or pledge or charge while **[it is]** they are held by the member in safe custody.
- [5]4** All bonds holdings over which the member has control must be registered in the client's name or in the name of a nominee appointed by the member to act as the registered holder of bonds.
- [6]5** Bonds holdings comprising uncertificated securities must be held by the member in safe custody reflected as an electronic entry in a central depository, electronic scrip registry or nominee register as approved by the JSE, and subject to any applicable legislation, the JSE rules and the terms of the agreement [mandate].
- [7]6** The member must be entitled to maintain an electronic record in respect of clients' bonds holdings in the central depository or registry through a settlement agent of its choice and the holdings must be held via the settlement agent's nominee, the member's own nominee or another account designated as a client account separate from the member's proprietary holdings, subject to any specific instructions from the client to the contrary.
- [8]7** The member must be authorised to move the client's bonds holdings from one electronic record to another or withdraw such holdings from safe custody only for the purpose of –
 - [8.1]7.1** transferring the holdings to the client or their order or upon termination of the agreement [mandate], as notified by the client in writing;
 - [8.2]7.2** dealing with the holdings as may be required in fulfilling the terms of the agreement [mandate] ;
 - [8.3]7.3** lodging the holdings on behalf of the client with any person or entity in terms of an order of court or a special resolution of the issuer of the holdings;
 - [8.4]7.4** any other lawful purpose in terms of the agreement [mandate].
- [9]8** All cash deposits received by the member arising from the management of the client's bonds holdings must be paid by the member into a separate trust account with a bank unless it is paid over to the client.

- [10]9 The member must be authorised to retain or to withdraw from any cash deposited by the member into the client trust account such amounts as are required to –
- [10.1]9.1 pay for bonds purchased on the client's behalf;
 - [10.2]9.2 effect such other payments as are necessary in the operation of the mandate; and
 - [10.3]9.3 discharge a debt due to the member by the client.
- [11]10 Where the agreement [mandate] is terminated, or where the client has instructed the member in writing to realise and repay to it any portion of the holdings under the member's control, the member must pay any cash into the client's bank account as stipulated in the relevant annexure to the agreement [mandate].
- [12]11 The member must be entitled to management fees for the services provided by them in terms of the agreement [mandate]; as set out in a Fees Schedule signed by the client and the member. The agreement [mandate] may authorise the member to realise any bonds holdings held by them, **[in terms of the mandate] in order** to settle any outstanding fees if insufficient cash is available on the account.
- [13] **If the member ceases to be a member of the JSE, the mandate must automatically terminate with immediate effect.]**
- [14] **No variation or amendment of the mandate will be binding unless contained in a written document signed by both parties.]**
- [15] **No term, provision, condition or representation relating to the subject matter of the mandate not contained in the mandate or in the schedules thereto will be binding on either the client or the member.]**
- [16] **The mandate should be signed and dated by the client and an authorised representative of the member.]**

DE Tripartite Agreement

The JSE has resolved that the Tripartite Agreement to be entered into between an executing member, a nominated member and a client shall contain [the] terms and conditions [set forth] which have substantially the same effect in law as the terms and conditions in the *pro forma* agreement below, [and shall be entered into between the executing member, the nominated member and the client with substantially the same content as set out below] to the extent that the terms and conditions below are relevant to transactions in IRC securities entered into by the executing member with or on behalf of the client.

2 Conditions precedent

This agreement shall be of no force and effect until the client has been **[registered]** loaded on the trading system as a client of the nominated member in terms of the rules.

DF Investment Management Agreement

The JSE has resolved that the Investment Management Agreement to be entered into between a trading member and an investment manager shall contain [the] terms and conditions [set forth] which have substantially the same effect in law as the terms and conditions in the *pro forma* agreement below, [and shall be entered into between the member and the investment manager with substantially the same content as set out below] to the extent that the terms and conditions below are relevant to transactions in IRC securities entered into by the trading member with or on behalf of the investment manager.

Section E: Settlement

EA Applicability of Section E

Section E applies to **[STRATE settled]** the settlement of transactions in bonds.

EB Operation of accounts of a member at its settlement agent

A trading member must as a minimum open an maintain the following accounts at its settlement agent-

- 1 a custody account;
- 2 a funds settlement account;. and

- 3 if the member has custody of client bonds [where a member is a trading member], a separate custody account must be opened [for the custody of their member settled clients' STRATE settled] for those bonds.

ED Settlement timetable

Timing	Description	Activity	Rule
	Pre-trade	<p>Trading Member's pre-trade obligations</p> <p>1 A trading member may only place an order or report a trade on the Yield-X trading system if such member has appointed a clearing member [and a settlement agent], where applicable. <u>A trading member may only place an order or report a transaction in bonds on the trading system, if the member has appointed a CSDP as prescribed by directive and has taken reasonable steps to satisfy itself that –</u></p> <p>1.3 [in respect of a sell order-] settlement of the transaction will occur on the settlement date.</p> <p>[1.3.1 the bonds to be sold is lodged with a settlement agent as uncertificated securities; or]</p> <p>[1.3.2 another transaction has been concluded trough Yield-X which provides for an equivalent amount of STRATE settled bonds being available for settlement on settlement date; or]</p> <p>[1.3.3 a satisfactory borrowing arrangement reported through the Yield-X lending and borrowing system is in place which provides for an equivalent amount of STRATE settled bonds being available for settlement on settlement day.]</p> <p>Settlement Authority's general actions</p> <p>3 In the event that a trading member advises the Settlement Authority at any stage in terms of ED2 that the settlement agent of the trading member or the settlement agent of a non-member settled client of the trading member will not be in a position to settle a transaction on settlement day and the Settlement Authority is not able to procure that the settlement of the transaction will take place on settlement day, <u>or the Settlement Authority does not roll settlement to a subsequent date</u>, the transaction will be declared a failed trade by no later than 09h00 on the next business day and will be dealt with in terms of the failed trade procedures as set out in rule 9.130 and rule 9.135.</p>	<p>9.40.2</p> <p>9.40.2.2</p> <p>9.70.5</p>

Timing	Description	Activity	Rule
T+1	First business day after trade day	<p>Late allocation or late assignment of transactions by a member</p> <p>6 A trading member must-</p> <p>6.1 in respect of late allocations, notify the Settlement Authority by [10h00]17h00 on the <u>second</u> business day after the original trade of the details of the relevant allocation account and the client's account to which the transaction must be allocated. All late allocations will be effected by the Settlement Authority subject to the payment of the fee as prescribed in directive EJ;</p> <p>6.2 in respect of late assignment of transactions effected through a principle assignment stock account, notify the Settlement Authority by [10h00]17h00 on the <u>second</u> business day after the original trade of the details of the relevant principle assignment stock account and the client's account to which the transaction must be assigned. All late assignment transactions will be effected by the Settlement Authority subject to the payment of the fee as prescribed in directive EJ.</p> <p>Reporting to a client on late allocation or late assignment of a transaction by a member</p> <p>7 Any late allocation or late assignment of a transaction by a trading member should be notified to the client forthwith in sufficient time to allow for the settlement agent of the client or the member to commit by no later than [12h00]11h00 on the [second business day after the trade] <u>settlement</u> date [to settling the transaction].</p> <p>Late allocation corrections or late assignment corrections of transactions by a member</p> <p>8 A trading member must-</p> <p>8.1 in respect of late allocation corrections, notify the Settlement Authority by [10h00] 17h00 on the <u>second</u> business day after the original trade of the details of the client's account to which the transaction was erroneously allocated and the correct client's account to which the transaction should be allocated. All late allocation corrections will be effected by the Settlement Authority subject to the payment of the fee as prescribed in directive EJ;</p> <p>8.2 in respect of late assignment corrections of transactions effected through a principle assignment stock account, notify the Settlement Authority by [10h00] 17h00 on the <u>second</u> business day after the original trade of the details of the client's account to which the transaction was erroneously assigned and the correct client's account to which the transaction should be assigned. All late assignment corrections will be effected by the Settlement Authority subject to the payment of the fee as prescribed in directive EJ.</p> <p>Reporting to a client on late allocation corrections or late assignment corrections by a member</p> <p>9 Any late allocation correction or late assignment correction by a trading member should be notified to the client forthwith in sufficient time to allow for the settlement agent of the client or the member to commit by no later than [12h00]11h00 on the [second business day after trade] <u>settlement</u> date [to settling the transaction].</p>	<p>9.70.2.1</p> <p>9.70.2.2</p> <p>9.70.2.1, 9.70.2.2 and 9.70.2.5</p> <p>9.70.3.1</p> <p>9.70.3.2</p> <p>9.70.3.1, 9.70.3.2 and 9.70.2.5</p>

Timing	Description	Activity	Rule
[T+2] S-1	[Second business day after trade day] <u>Business day preceding the settlement date</u>	10 The client will be deemed to have accepted the transaction unless he notifies the trading member to the contrary by 12h00 <u>on the business day after the original trade date</u> , subject to ED 6 and ED 7.	9.70.2.4
		11 A non-member settled client must provide settlement instructions to its settlement agent immediately upon acceptance of a transaction, but by no later than 12h00 <u>on the business day after the original trade date</u> .	9.80.1
		Settlement agent commitment	
		14 A non-member settled client must by no later than [12h00] 16h30 ensure and procure that his settlement agent [has committed] is in a <u>position to commit</u> to settle the transaction on his behalf <u>on settlement date</u> .	9.80.2
		15 [A commitment by a settlement agent to settle all transactions on behalf of a non-member settled client will become unconditional as at 12h00, subject to rule 9.115.] <u>Reserved</u>	[9.80.3]
		16 A trading member must by no later than [12h00]16h30 ensure that his settlement agent [has committed] is in a <u>position to commit</u> to settle the transactions in respect of member settled clients and the proprietary transactions of that trading member <u>on the settlement date</u> .	9.100.5
		17 [A commitment by a settlement agent to settle all transactions on behalf of a non-member settled client and all proprietary transactions of a trading member will become unconditional as at 12h00, subject to rule 9.110.] <u>Reserved</u>	[9.100.6]
		18 In the event that by 16h30 a member settled client remains unable to settle a transaction by [12h00] <u>on settlement date</u> , the trading member must continue to take the necessary steps to ensure that, by no later than [14h00] 11h00 <u>on the settlement date</u> , the settlement agent of the trading member commits to settle any transaction in respect of that member settled client [and must notify the Settlement Authority accordingly] .	9.100.7
		19 In the event that a non-member settled client fails to comply with ED 14, the trading member is obliged in terms of rule 9.100.8 to take the necessary steps to ensure that the transaction settles on settlement day and may proceed in terms of rule 9.80.5.	9.80.4, 9.80.5 and 9.100.8
		20 In the event that by 16h30, a non-member settled client remains unable to settle a transaction <u>on the settlement date [by 12h00]</u> , the trading member must continue to take the necessary steps to ensure that, by no later than [14h00]11h00 <u>on settlement date</u> , the settlement agent of the non-member settled client commits to settling the transaction [and must notify the Settlement Authority accordingly] .	9.100.9
S	<u>Settlement day</u>	21 A commitment by a CSDP to settle a transaction in respect of a <u>member settled client and the proprietary transactions of a trading member shall become unconditional as at 11h00 on the settlement date</u> , unless a transaction is subject to an on-exclusion.	9.100.6
		22 A commitment by a CSDP to settle a transaction on behalf of a non-member settled client shall become unconditional as at 11h00 <u>on the settlement date</u> .	9.80.3

Timing	Description	Activity	Rule
[14h00-16h00] <u>11h00 – 14h30</u>	[Second business day after trade day]	<p>Settlement Authority's actions</p> <p>[21]23 Where a trading member has acted in terms of ED 18 in respect of a member settled client and is unable to procure settlement by his settlement agent by [14h00]11h00 or has acted in terms of ED 20 in respect of a non-member settled client and is unable to procure settlement by the settlement agent of the non-member settled client, the Settlement Authority will endeavour by [16h00]14h30 –</p> <p>[21.1] 23.1 in respect of a sale transaction, to borrow, as agent, on behalf of the trading member or client as undisclosed principal, the STRATE settled bonds required by the trading member or client to comply with its obligations to settle the transaction; or</p> <p>[21.2] 23.2 in respect of a purchase transaction, to lend to the trading member or client the funds required by the trading member or client to comply with its obligations to settle the transaction; or</p> <p><u>23.3 in respect of a sale or a purchase transaction where the Settlement Authority is unable to perform in terms of ED 23.1 or ED 23.2, in its sole discretion and under exceptional circumstances, to roll the settlement of the transaction in terms of rule 9.125; or</u></p> <p>[21.3] 23.4 in the event that the Settlement Authority is unable to enter into a securities borrowing transaction in terms of ED [21.1] 23.1 or a funds lending transaction in terms of ED [21.2] 23.2 or does not roll the settlement of a transaction in terms of ED 23.3, as the case may be, to enter into a carry or repurchase transaction to enable the trading member or client to comply with its obligations to settle the transaction; or</p>	<p>9.140.1</p> <p>9.150.1</p> <p>9.125</p> <p>9.160.1</p>
[14h00-16h00]	[Second business day after trade day]	<p>[21.4] 23.5 in respect of a sale or a purchase transaction where the Settlement Authority is unable to perform in terms of ED [21.1] 23.1, ED [21.2] 23.2; [or] ED [21.3] 23.3 or ED 23.4, invite a trading member or a client (via the trading member) to close the purchase or sale transaction at a price and on the basis set out in rule 9.130 or 9.135 and directive EG.</p> <p>Settlement Authority's actions (cont.)</p> <p>Failed trade procedures</p> <p>[22]24 Where the Settlement Authority is unable by [16h00]14h30 to perform in terms of ED [21] 23, it will at [16h00]14h30 declare the said transaction to be a failed trade in terms of rule 9.70.4 and will –</p> <p>[22.1] 24.1 match such failed trade against an equal but opposite transaction which is a terminating transaction; or</p> <p>[22.2] 24.2 if there is no transaction or more than one transaction of the type set out in ED [22.1] 24.1, in terms of the failed trade procedures as laid down from time to time, select such transactions the failing of which will be least disruptive to settlement agents, members and clients.</p>	<p>9.30.2.9</p> <p>9.70.4[and 9.130.1]</p> <p><u>9.130 and 9.135</u></p>

Timing	Description	Activity	Rule
[14h00-16h00]	[Second business day after trade day]	<p>[23]25 The transactions selected in terms of ED [22.1] 24.1 or ED [22.2] 24.2 must be closed at a price determined by the Settlement Authority in terms of the principles and procedures in rule 9.130 or rule 9.135 and directive EG.</p> <p>[24]26 In respect of trades cleared by SAFCOM, [The] the difference between the original value of the trade that failed and the value based on the close out price as established in accordance with rule [9.130.1.3] 9.130.1.2 and directive EI will be paid by the Settlement Authority to the settlement agent of the trading member or client who effected the failed trade, to enable the settlement agent to commit to the failed trade settlement in terms of the procedures as set out in directive EG.</p> <p>[25] 27 The settlement margin and top-up margin held by SAFCOM in respect of the relevant trading member or non-member settled client will be applied by the Settlement Authority to pay the amount referred to in ED [24] 26 to the settlement agent of the trading member or client who effected the failed trade.</p> <p>[26]28 The clearing member of the trading member who effected the failed trade will pay any resultant shortfall between the margin referred to in ED [25] 27 and the amount referred to in ED [24] 26 to the Settlement Authority and may claim such shortfall from the trading member. Any resultant surplus between the margin referred to in ED [25] 27 and the amount referred to in ED [24] 26 will be paid by the Settlement Authority to the clearing member of the trading member who effected the failed trade.</p> <p>29 In respect of reported transactions not cleared by SAFCOM, the difference between the original value of the trade that failed and the value based on the close out price as established in accordance with rule 9.135.1.2 and directive EG will be payable by the failing member to the non-failing member.</p>	
		<p>Member's sell-out or buy-in procedures</p> <p>[27]30 Where a member settled or non-member settled client has not complied with their obligations to procure settlement in terms of section 9 of the rules and the Settlement Authority is able to procure the settlement of the transaction by means of the borrowing of bonds or funds or effecting a carry or repurchase transaction, as the case may be, the trading member must by no later than the close of business on the next business day –</p> <p>[27.1] 30.1 in respect of a sale transaction, buy such bonds for the account of the client; or</p> <p>[27.2] 30.2 in respect of a purchase transaction, sell such bonds for the account of the client,</p> <p>and must advise the Settlement Authority of the relevant settlement details to enable the Settlement Authority to effect the return of the bonds or funds or timeously settle the carry or repurchase transaction</p> <p>Instances where sell-out or buy-in is not required</p> <p>[28] 31 A member must not buy-in or sell-out a client in terms of ED [27] 30 in those instances where –</p> <p>Instances where sell-out or buy-in is not required (cont.)</p> <p>[28.1] 31.1 a client has not complied with their obligations to procure settlement in terms of section 9 of the rules or this directive; and</p>	<p>9.100.11</p> <p>9.100.12</p>

Timing	Description	Activity	Rule
		<p>[28.2] <u>31.2</u> both the member and the Settlement Authority were unable to procure the settlement of the transaction by means of borrowing of bonds or funds or effecting a carry <u>or repurchase</u> transaction, as the case may be; and</p> <p><u>31.3</u> the Settlement Authority has not rolled settlement of the transaction; and</p> <p>[28.3] <u>31.4</u> the Settlement Authority either closes the transaction in terms of rule 9.30.2.9 or declares the transaction to be a failed trade in terms of rule 9.100.12;</p> <p>but must instead act in accordance with the instructions received from the Settlement Authority in terms of rule 9.130 <u>or rule 9.135</u> and directive EG.</p> <p>Settlement</p> <p>[29] <u>32</u> Settlement is effected by STRATE and the settlement agent of the member and/or non-member settled client and/or Settlement Authority.</p> <p>[30] <u>33</u> If the Settlement Authority becomes aware at any stage of a transaction not being able to settle which may, in its sole discretion, cause systemic risk, it may defer the settlement of such transaction by notifying STRATE accordingly and extending the times referred to in rules 9.70, 9.80, 9.90, 9.100, [and] <u>and rule 9.135</u>.</p>	<p>9.70.2.6</p> <p>9.30.2.</p> <p>[10]<u>11</u></p>

EE Client **[acceptance and registration]** account opening procedures

- 1 A trading member may not place an order to trade in STRATE settled bonds on behalf of a client unless the trading member has opened **[and registered]** a Yield-X trading account for the client **[with the Yield-X Operations Department]** on the trading system, and-...
- 2 A trading member may only open a Yield-X trading account on behalf of a client on receipt of a client agreement and registration form from the client, duly completed and signed. **[The client registration form must be forwarded to the Yield-X Operations Department.]**
- 3 **[On receipt of a properly completed client registration form, the Yield-X Operations Department will open a Yield-X trading account for the client and notify the trading member of the client's Yield-X account number.]** Reserved
- 4 To register a member settled client on the STRATE system for the settlement of STRATE settled bonds transactions, the trading member must record on the client's trading account on the Yield-X trading system that the client is a member settled client.
- 5 Upon **[registration]** the loading of a client as a member settled client in terms of EE 4, the Yield-X trading system will automatically generate a message to the STRATE system which will automatically respond by generating a STRATE client account code and STRATE settlement account reference.
- 8 Upon **[registration]** the loading of a client as a non-member settled client in terms of EE 7, the Yield-X trading system will automatically generate a message to the STRATE system requesting verification of the non-member settled client's information. The STRATE system's response will update and validate the client's account on the Yield-X trading system.
- 9 If the details in EE 8 do not match, the trading member will receive a rejection message from the Yield-X trading system and will be required to verify the client's information and then repeat the process.

EF Carry and repurchase transactions by the Settlement Authority

The Settlement Authority will facilitate carry or repurchase transactions in STRATE approved bonds on behalf of a trading member or client in terms of rule 9.160 under the following terms and conditions –

- 1 the Settlement Authority will endeavour to enter into a carry or repurchase transaction, as agent, on behalf of the trading member or client as undisclosed principal;

- 3 the Settlement Authority will initiate the carry or repurchase transaction by sending the necessary settlement instructions to STRATE through the Yield-X trading system, and will advise the trading member of the transactions comprising the carry and the carry yields; and...

EG Failed trade principles and procedures

- 3.1 the price at which the bonds in question ~~[was]~~ were purchased or sold, as the case may be, (the "transaction price"); and
- 3.2 a price determined by the Settlement Authority, in consultation with the Market Controller, with reference to the ruling price and the volume weighted average price (the "determined price"). The overriding objective in ascertaining the determined price will be 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. For the purpose of this directive, "volume weighted average price" means, in respect of the period between ~~[10h00 and 16h00]~~ 09h00 and 11h00 on the second 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.
- 5 Subject to EG 4 –
- 5.1 ...; or
- 5.2 ~~subject to EG 5.3,~~ if the determined price has moved to the benefit of the non-failing party, the non-failing party must only be paid compensation in terms of EG 2.2~~]; or~~
- 5.3 if the determined price has moved to the benefit of the non-failing party to such an extent that the movement exceeds any compensation determined in terms of EG 2.2, at the discretion of Settlement Authority, the non-failing party will pay any differential between the price movement and the compensation to the failing party unless the failing party has been declared to be in default, in which case the non-failing party must pay the relevant amount to the Guarantee Fund.
- 6 For the purpose of this directive, a non-failing party will be entitled to receive only cash compensation in terms of EG 2.1 and EG 2.2. The non-failing party will not be entitled to receive bonds as compensation equivalent to the bonds which ~~[was]~~ were the subject of the failed trade.
- 7 In respect of trades cleared by SAFCOM, the [The] settlement margin and top-up margin held by SAFCOM in respect of the failed trade will be applied by the Settlement Authority to pay the amount in terms of EG 2.1 and EG 2.2.
- 10 In respect of reported transactions not cleared by SAFCOM, the difference between the original value of the trade that failed and the value based on the close out price as established in accordance with rule 9.135 and this directive EG will be payable from the failing member to the non-failing member.

EH Margin on bonds trades

- 2 Margining Procedures
- 2.4 Central order book trades and reported transactions which the clearing member has accepted for risk management purposes per instrument, per settlement cycle will be netted into one position on an account and the net position will be margined.
- 2.8 All positions referred to in EH 2.4 will be marked-to-market at the close of business on T+1 and T+2 and where there has been an adverse price movement, the JSE will initiate a top-up margin call to the clearing member of the trading member.
- 2.9 The top-up margin is payable by the clearing member to SAFCOM before 12h00 on T+2 and 12h00 on T+3 and will be repayable by SAFCOM to the clearing member, together with the settlement margin, before 12h00 on S+1: Provided the trades have settled to the satisfaction of the JSE.

EI Penalties

Transgression	Penalty
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<p>3.1 Pre-trade: Trading in [a]STRATE settled bonds where –</p> <p>3.1.1 a trading member has not opened a custody and funds settlement account with a settlement agent and has not been set up on the Yield-X trading system[s], STRATE system[s] and settlement agents system[s];</p>	R10 000
<p>3.2 <u>Reserved [Pre-trade]</u> [In respect of a sell order in terms of rule 9.40.2.2 where-</p> <p>3.2.1 the bonds to be sold is not lodged with a settlement agent as uncertificated securities; or</p> <p>3.2.2 another transaction has not been concluded through Yield-] which provides for an equivalent amount of bonds being available for settlement on settlement date; o]</p> <p>3.2.3 a satisfactory borrowing arrangement[reported through the Yield-X lending and borrowing system] is not in place which provides for an equivalent amount of STRATE settled bonds being available for settlement on settlement date.]</p> <p>3.3 <u>Reserved[Post-trade General:</u> Where a member has failed to advise the Settlement Authority of a settlement agent's inability to commit to the settlement of a trade in terms of rule 9.70.5]</p> <p>3.6 T+[2] 3 Where a member is unable to procure by [14H00] 08h00 that a <u>proprietary transaction or a transaction</u> for a member settled or non-member settled client will settle in terms of rule 9.100.7 and 9.100.9.</p> <p>3.7 <u>Where a member is unable to enter into an arrangement to ensure that a sale transaction settles on settlement date, which results in the Settlement Authority facilitating the borrowing of bonds on behalf of the member in terms of rule 9.140.</u></p> <p>3.8 <u>Where a member introduces a trade for which settlement is rolled in terms of rule 9.125.</u></p> <p>[3.7]3.9 Where a member introduces a proprietary or client trade which is declared a failed trade in terms of rule 9.70.4</p>	<p>[R1 000 per occurrence]</p> <p>[R1 000]</p> <p>[R1 000] R5 000 per occurrence</p> <p><u>R1 000 plus 10 basis points on the nominal value up to a maximum of R100 000</u></p> <p><u>R1 000 plus 20 basis points on the nominal value up to a maximum of R100 000</u></p> <p>R1 000 plus 30 basis points on the nominal value up to a maximum of R100 000</p>

4 Payment of Penalties

- 4.2 An objection to a penalty imposed by the Settlement Authority must be lodged in writing accompanied by mitigating evidence, signed by the settlement officer of the trading member and received by the Settlement Authority by no later than 15h00 on the day that the penalty is due and payable.

EJ Settlement Authority fees

Service	Fee
1.1 <u>Reserved [Late allocation in terms of rule 9.70.2.1 or late principle assignment in terms of rule 9.70.2.2 by the Settlement Authority]</u>	[R 5 000]

1.2	<u>Reserved</u> [Late allocation correction in terms of rule 9.70.3.1 or late principle assignment correction in terms of rule 9.70.3.2 by the Settlement Authority]	[R 5 000]
1.3	Provision by the Settlement Authority of bonds lending facilities to a member for a proprietary trade or to a client to enable settlement	R1 000 administration fee plus the greater of R1 000 or 5% p.a. of the initial value of the loaned bonds over the loan period
1.5	Facilitation of a carry or <u>repurchase</u> transaction by the Settlement Authority on behalf of a member or a client to enable settlement	R5 000
1.6	<u>Execution by the Settlement Authority of the rolling of settlement process in terms of rule 9.30.2.10</u>	<u>R5 000 administration fee payable by the member who introduced the trade which resulted in the execution of the process in terms of 9.30.2.10</u>
[1.6]	1.7 Execution by the Settlement Authority of the give up process in terms of rule 9.30.2.9	R5 000 administration fee payable by the member who introduced the trade which resulted in the execution of the process in terms of 9.30.2.9
[1.7]	1.8 Execution by the Settlement Authority of the failed trade process in terms of rule 9.130 <u>or rule 9.135</u>	R10 000 administration fee payable by the member who introduced the failed trade
[1.8]	1.9 Resolution by the Settlement Authority of an interest entitlement resulting from a bonds lending arrangement, <u>rolling of settlement or failed trade procedure.</u>	R1 000 administration fee <u>payable by the member who introduced the failed trade</u>

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