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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 167A/2017

Relates to:  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives

**Date:** 28 April 2017**SUBJECT: APPROVED AMENDMENTS TO THE DERIVATIVES RULES – JSE CONFLICTS OF INTEREST ARRANGEMENTS****Name and Surname:** Shaun Davies**Designation:** Director – Market Regulation

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Members are referred to Market Notice 61/2017 dated 15 February 2017, which contained proposed amendments to the derivatives rules in respect of certain of the measures that the JSE is required to implement in order to comply with the conflicts of interest requirements imposed on market infrastructures in the Financial Markets Act No. 19 of 2012.

The Registrar of Securities Services has, in terms of section 71(3)(c) of the Financial Markets Act, approved the amendments to the derivatives rules with effect from 28 April 2017.

The amendments have been made in order for the derivatives rules to comply with Section 62 of the Financial Markets Act read with the Conflicts of Interest Board Notice No. 1 of 2015 issued by the FSB, which require that market infrastructures take the necessary steps, where applicable, to avoid, eliminate, disclose and otherwise manage the possible conflicts of interest that could arise between their regulatory functions and commercial services. In furtherance of the objective to address potential conflicts of interest relating to the JSE's market regulation functions, the JSE has adopted a Market Regulation Conflicts of Interest Policy ("the COI policy") which has been approved by the Registrar in terms of the Board Notice.

In giving effect to the COI policy, certain of the arrangements relating to the JSE's market regulation functions have been revised. In particular, the role of the Executive Committee and certain senior officers of the JSE in making decisions of a regulatory nature have been amended, given that the Executive Committee is the body responsible for the commercial activities of the JSE.

The amendments are as follows:

- Approval and implementation of the JSE rules – the JSE Executive no longer adopts all new and proposed amendments to the rules and directives; instead the JSE’s SRO Oversight Committee has appointed a Rules Committee that will consider and sign-off on all proposed amendments to the rules and directives;
- Approval of membership or the provision of additional regulated services – “the JSE” (which in practice is the Executive Committee) no longer considers and either accepts or rejects applications for membership or the provision of regulated services (and the termination of membership and the withdrawal of the authority to perform regulated services); instead the SRO Oversight Committee has appointed a Membership Committee to consider and make such decisions; and
- Exercise of enforcement powers – the need for both a Disciplinary Committee and a Disciplinary Tribunal for the referral of enforcement matters has been dispensed with. The Disciplinary Committee has been removed and all matters that require determination will now be referred to a single disciplinary body with a similar composition to that of the previous Disciplinary Tribunal. This single enforcement body will be called the Disciplinary Committee and will be appointed from time to time by the Director: Market Regulation.

We attach hereto the following documents:

- Board Notice 58 of 2017 containing the Registrar’s approval.
- The approved amendments to the JSE derivatives rules.

Should you have any queries regarding this notice, please contact Paul Hartzenberg on 011 520 7584 or by email at: [paulh@jse.co.za](mailto:paulh@jse.co.za)

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