

MARKET NOTICE

Number: 278A/2019

Relates to:

- Equity Market
- Equity Derivatives
- Commodity Derivatives
- Interest Rate and Currency Derivatives

Date: 12 September 2019

SUBJECT: PROPOSED AMENDMENTS TO THE JSE EQUITIES RULES AND DIRECTIVES - BLOCK TRADES & OFF ORDER BOOK PRINCIPAL TRADES

Name and Surname: Shaun Davies

Designation: Director - Market Regulation

Members are advised that the proposed amendments to the JSE Equities Rules and Directives, attached as Annexure A, were adopted by the JSE Rules Committee on 11 September 2019.

The proposed amendments to the JSE Equities Rules and Directives are intended to introduce a revised methodology and size criteria for determining the minimum Block Trade ("BT") size. In arriving at these proposals, the JSE has taken cognisance of various factors including the need to promote central order book trading with its inherent high level of market transparency, price formation and efficiency, and to balance this against the need to afford market participants the ability to manage their risks as well as their fiduciary responsibilities effectively.

Market participants have requested simpler, smaller and more easily determinable minimum BT trade size criteria which are compatible with the characteristics and liquidity of the JSE equity market as well as the minimum block trade size requirements being adopted by recognised overseas exchanges and market regulators for comparable stocks.

To give effect to this change, all equity securities will be assigned to one of 10 average daily volume "tiers" and each tier will have a corresponding minimum BT trade value. The JSE will publish the assignment of equity securities to their average daily value tier on a quarterly basis unless exceptional circumstances justify one or more equity securities being reallocated to a different tier by the JSE prior to the next quarterly publication.

In addition, given that Off Order Book Principal Trades ("OP") currently have the same size criteria as BT trades, we have adopted the approach that all trades that meet the prescribed minimum size criteria shall be booked as BT trades (i.e. where a member trades as agent on behalf of, or as principal with, a client or with another member). The OP trade type

will be retained, but only for circumstances where the transaction is with a foreign professional market participant and where no minimum value will continue to apply.

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 Shuayb Mohamed on (011) 520 7824 or at ShuaybM@jse.co.za. This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>