

**JSE Equity Derivatives, Commodity Derivatives & Currency Derivatives
Market Membership High Level Requirements**

Set out below is a summary of the requirements applicable to an application for Equity Derivatives, Commodity Derivatives, Currency Derivatives & Interest Rate Market Membership Equity Derivatives and Commodity Derivatives Membership of the JSE. The detailed requirements are set out in the JSE Derivatives Rules and Directives.

An applicant for Equity Derivatives and Commodity Derivatives Membership must apply for authorization to perform the following regulated services with conditions as follows:

- Trade in one or more of the product categories; and/or
- Perform clearing in one or more categories; and/or
- Otherwise access or utilize the operational services of the JSE

Please note all queries / requests regarding equity derivatives, commodity derivatives and currency derivatives membership must be directed to :

Krishnaveni Puckree
Client Liaison Officer
Company Secretariat
Tel 011 520-7478
Fax 011 520-8583
E-mail krishnap@jse.co.za

Membership applications forms will be sent to applicants after you have met with the relevant people at the JSE



Membership Requirements

- Only appoint executive and non-executive directors who comply with the fit and proper requirements
- Appoint a compliance officer who complies with the fit and proper requirements set out in the rules.
- Appoint a money laundering compliance officer in terms of the rules who comply with the fit and proper requirements.
- Appoint a dealer in terms of the rules who complies with the fit and proper requirements as set out in the rule
- Appoint a clearing member, in terms of the rules unless it only performs, or intends to perform, clearing services and it does not require a clearing member in order to perform such services.
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Specific Conditions of Membership

The specific conditions of membership represent the minimum conditions which an applicant for membership and a member are required to satisfy in order to be granted and to retain membership and to be authorised to perform regulated services. These are:

Resources, procedures and systems

- A member must employ adequate resources, procedures and systems necessary for the effective performance of the regulated services which the member provides and for ensuring compliance with the Act and the rules and directives that are relevant to the performance of such regulated services.
- A member must ensure that its employees are suitable, adequately trained and properly supervised

Timelines

The membership application period is dependent on the quality of information supplied as per the application. There is no fixed time line regarding the consideration and approval process as each application is considered on its own merits. This is however highly dependent on your business model.

The initial set up on the Network infrastructure – Dependent on TELKOM delivery.

Fixed Expenditure Base Requirement

The base requirement of a member is the higher of an amount determined in accordance with the directives as being adequate to meet a member's fixed expenditure for a period of 13 weeks or R400 000.

Capital Adequacy Requirements

A member must on admittance and at all times thereafter hold adjusted liquid capital which complies with the minimum requirements calculated in accordance with rules of the relevant market that you are applying to become a member of, sufficient to meet its base requirement and its risk requirement.

Minimum Bank Accounts

Business Account - Used for funding all business expenses

Auditors

A member shall appoint an auditor registered as an accountant and auditor under the Public Accountants' and Auditors' Act, 1991, who engages in public practice as contemplated in that Act. The appointment of the Auditor shall be conditional upon the approval of the appointee by the Director: Surveillance.

Internal Controls and Risk Management

Who will be responsible for developing and documenting the firm's internal control and risk management procedures and for maintaining the procedures manual?

List the proposed members of your Audit Committee and the intended frequency of meetings for that Committee.

Trading

You are requested to apply for trader ID's upon approval of membership and all traders are required to pass the required JSE Trader Examinations for the relevant markets.

Connectivity

You are required to have a minimum line bandwidth capacity of 20K per user per market. The line should be sufficient for trading as well as your back office systems. Obviously, the more workstations you have the bigger the line. You must have a production line to the JSE. The requirements may change with the introduction of the release of the ORION project which is an initiative undertaken by the JSE currently.

Membership Fee

There is a once of non-refundable membership application administration fee of R 11400.00 (Including VAT) which must be submitted with the application.

Training

Examinations will be administered by the South African Institute for Financial Markets (SAIFM).

Employees of Member Firms intending to write the following examinations:

- Equities Derivatives Trader
- Commodity Derivatives Trader
- Compliance Officer
- Currency Derivatives Trader
- Interest Rate Trader

All bookings for the examinations must be made through the institute and they can be contacted on (011) 802-4768 / www.saifm.co.za

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