



SAFCOM Public description

SAFCOM, a private company, is a wholly owned subsidiary of the JSE Ltd (“JSE”). SAFCOM is licensed by the Registrar of Securities Services as a clearing house as defined in the Securities Services Act (“SSA”). SAFCOM is thus the appointed clearing house for the JSE. The main objective of SAFCOM is to manage and act as a clearing house for the conclusion of contracts in financial instruments of every kind and description, currently only futures and options in listed financial instruments, in the equity derivatives, commodity derivatives, currency derivatives, interest rate derivatives and spot bond markets of the JSE.

SAFCOM operates as a central counterparty (“CCP”) by imposing itself between parties to futures and options contracts traded on the JSE. SAFCOM also acts as collecting agent for all trading fees due to the JSE on those market transactions.

In order to optimise the operation of the clearing house, the company has appointed and therefore mandates the JSE to perform the operating functions, risk management services, declaration of defaulting members and clearing house services (“the services”) on its behalf. The provision of these services is governed by the applicable contract between the JSE and SAFCOM as well as the applicable JSE rules.

The Head: Post Trade Services Division of the JSE is the individual who has been designated as the officer responsible (“RO”) for ensuring that the services are delivered in accordance with the JSE rules and contractually agreed service levels. By virtue of the fact that the JSE performing the services:

- all staff utilised by SAFCOM are employed or contracted by the JSE;
- all systems and equipment necessary to perform the operating functions are owned and managed by the JSE, or a JSE Vendor; and
- SAFCOM’s funds are managed on its behalf by the JSE, in accordance with the SAFCOM investment policy.

Legislative framework and process

SAFCOM shall ensure that it maintains its status as a recognised clearing house in terms of the SSA and complies with the requirements of any subsequent legislation.

In terms of regulating the market with regard to clearing and settlement, any proposed rule changes are subject to a robust engagement and approval process.

Governance framework and process

The SAFCOM Board Charter sets out the specific responsibilities to be discharged by the SAFCOM Board members collectively, as well as the roles and responsibilities incumbent upon directors as individuals. It seeks further to ensure that all Board members acting on behalf of SAFCOM are aware of the various legislation and regulations affecting their conduct. The SAFCOM Board further aims to apply the principles of King III.

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Given the nature of the clearing house business conducted by SAFCOM, it is imperative to inter alia ensure that an integrated risk-based approach is established and implemented. The focus is to identify, assess and implement controls for all the major risks that the company is exposed to.

The risks identified are:

SAFCOM endeavours to mitigate its risk by ensuring that the appropriate controls, systems practices and ethics are implemented. Accordingly, the SAFCOM Board, has appointed a Risk Management Committee which is a formal sub-committee of the board which will assist the board in the discharging of its duties and responsibilities in relation to risk management.

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L Fourie, SA Linnell, FJ Oosthuizen, LV Parsons, RD Proudfoot, GH Smale.

Company Secretary: GC Clarke

Member of CCP12 – The Global Association of Central Counterparties