

APPROVED AMENDMENTS TO THE JSE EQUITIES RULES AND DIRECTIVES

General explanatory notes:

1. Words underlined with a solid line (____) indicate the insertions in the existing rules.
2. Words in bold and in square brackets ([]) indicate deletions from the existing rules.

Approved amendments to the JSE equities rules

Section 10: Clearing and settlement

10.30 Settlement principles for transactions in equity securities

10.30.1 ...

10.30.2 In addition to rule 10.30.1, where ring-fencing of off book trades occurs –

10.30.2.1 ...

10.30.2.2 ...

10.30.2.3 transactions which are ring-fenced may be linked to other transactions on the systems of Strate to indicate a settlement dependency.

10.50 General pre-trade settlement requirements

10.50.1 A client may only place an order with a member to transact in equity securities if –

10.50.1.1 in the case of a non-controlled client, the client has appointed a CSDP; and

10.50.1.2 in respect of a sell order –

10.50.1.2.1 ...

10.50.1.2.2 ...

10.50.1.2.3 ...

10.50.1.2.4 ...

10.50.1.2.5 a corporate action provides for an equivalent amount of equity securities being available for settlement on settlement date[.]; or

10.50.1.2.6 the equity securities to be sold will be transferred from a foreign register to the local register and such securities will be available for settlement on settlement date.

10.50.2 A member may only enter an order on the JSE equities trading system or report a trade to the JSE equities trading system if the member has appointed a CSDP, has SWIFT connectivity as prescribed by directive and has taken reasonable steps to satisfy itself that –

10.50.2.1 ...

10.50.2.2 in respect of a sell order –

10.50.2.2.1 ...

10.50.2.2.2 ...

10.50.2.2.3 ...

- 10.50.2.2.4 ...
- 10.50.2.2.5 a corporate action provides for an equivalent amount of equity securities being available for settlement on settlement date~~[.]~~; or
- 10.50.2.2.6 the equity securities to be sold by a client will be transferred from a foreign register to the local register and the client is able to provide evidence to the satisfaction of the member that the transfer of the equity securities from the foreign register will be concluded in time to ensure that such securities will be available for settlement on settlement day.

10.60 General settlement provisions

- 10.60.1 A transaction conducted in equity securities by a member must –
 - 10.60.1.1 be allocated to a client or a member's proprietary account on the trade date;
 - 10.60.1.2 be communicated to a client by no later than 12h00 on the business day after the original trade;
 - 10.60.1.3 in the absence of notification from the client to the contrary by no later than **[12h00]** 18h00 on the **[second]** first business day after the trade date, be deemed to have been accepted by the client;
 - 10.60.1.4 be committed to by the CSDP of the member or client by no later than 12h00 on the **[third]** second business day after the trade date; and
 - 10.60.1.5 be settled on the **[fifth]** third business day after the trade date in accordance with the settlement timetable as prescribed by directive.
- 10.60.2 Notwithstanding rules 10.60.1.1 to 10.60.1.3, allocation corrections may not be made after **[16h00]** 18h00 on the **[second]** first business day after the trade date. Any corrections must be communicated to, and accepted by the client within sufficient time to allow for the CSDP of the client to comply with rule 10.60.1.4.
- 10.60.3 If a CSDP of a member has not committed to settle a transaction by **[16h00]** 10h00 on the **[fourth]** third business day after the trade date or the Settlement Authority has otherwise determined, by that time, that a member will not be able to settle a transaction, the transaction will be a failed trade and will be dealt with in terms of the failed trade procedures as set out in rule 10.110, unless the Settlement Authority rolls the settlement of the transaction to a subsequent date on the basis set out in rule 10.105.
- 10.60.4 ...

10.70 Non-controlled client settlement obligations

- 10.70.1 The allocation of a transaction to a non-controlled client will result in the member's obligation to settle the transaction being substituted with the client's obligation to settle the transaction through the client's CSDP.
- 10.70.2 A non-controlled client must, by no later than 12h00 on the **[second]** first business day after the trade date, give instructions to his CSDP to settle the transaction. In the event of the correction of an allocation of a trade which results in a new confirmation of the trade by the member, the instruction to the CSDP to settle the transaction must be given within sufficient time to allow for the CSDP of such client to commit to settle in accordance with rule 10.70.3.
- 10.70.3 A non-controlled client must endeavour to ensure and procure that his CSDP has committed to settle the transaction on his behalf by no later than 12h00 on the **[third]** second business day after the trade date.
- 10.70.4 If a non-controlled client fails to comply with rule 10.70.3, or the member is advised or otherwise becomes aware, at any stage, that a non-controlled client is unable to settle a transaction, the member may proceed in the manner set out in rule 10.100.
- 10.70.5 In the absence of a commitment from the CSDP of a non-controlled client before 12h00 on the **[third]** second business day after the trade date, the non-controlled client must nevertheless ensure that his CSDP commits to settle the transaction by **[11h00]** 15h00 on the **[fourth]** second business day after the trade date.
- 10.70.6 If a non-controlled client fails to meet his obligations in terms of rule 10.70.5, which includes any indication by the non-controlled client, at any stage, that he is unable to settle a transaction, the member will, by no later than

[12h00] 16h00 on the **[fourth]** second business day after the trade date, assume the obligation to settle the transaction through the member's CSDP.

10.70.7 If a non-controlled client's CSDP has committed to settling a transaction on behalf of the non-controlled client, the non-controlled client may not instruct the CSDP to revoke its commitment to settle the transaction, unless the non-controlled client receives an instruction to do so from the Settlement Authority.

10.80 Controlled client settlement obligations

10.80.1 A controlled client must, by no later than 16h00 on the **[second]**first business day after the trade date, ensure that the member which effected the transaction on behalf of such client will be in a position to settle the transaction on settlement date, either by providing the equity securities or funds required to settle the transaction to the member or by entering into an arrangement with the member to facilitate settlement of the transaction.

10.80.2 If a controlled client fails to comply with rule 10.80.1, or the member is advised or otherwise becomes aware, at any stage, that a controlled client is unable to settle a transaction, the member may proceed in the manner set out in rule 10.100.

10.90 Member settlement obligations

10.90.1 ...

10.90.2 ...

10.90.3 ...

10.90.4 ...

10.90.5 A member must, by no later than 12h00 on the **[third]** second business day after the trade date, ensure that the CSDP of the member has committed to settle the transactions in respect of controlled accounts.

10.90.6 If a non-controlled client fails to comply with rule 10.70.3, or the member is advised or otherwise becomes aware, at any stage, that a non-controlled client is unable to settle a transaction, the member must, by no later than **[12h00]** 16h00 on the **[fourth]** second business day after the trade date, assume the obligation to settle the relevant transaction.

10.90.7 A member must, by no later than **[14h00]** 18h00 on the **[fourth]** second business day after the trade date, ensure that the CSDP of the member commits to settle any transactions, in respect of non-controlled clients, that the member is obliged to settle in terms of rule 10.90.6.

10.90.8 ...

10.90.9 ...

10.90.10 ...

10.90.11 ...

10.90.12 ...

10.100 Breaches of client settlement obligations

10.100.1 ...

10.100.2 ...

10.100.3 The client will be liable for any losses, costs and charges incurred, or charges imposed, as a consequence of a breach and the member may charge interest in relation thereto.

10.100.4 The client or member, as the case may be, will be liable for the repayment of any corporate action entitlement received in respect of a failed purchase transaction, which entitlement has incorrectly accrued to the failing party.

10.105 Rolling of settlement

10.105.1 The rolling of settlement will be carried out in the following manner:

- 10.105.1.1 The Settlement Authority will match the transaction for which settlement is being rolled against an opposite transaction or transactions represented by one or more contract notes, being mindful of any apparent implications for the parties concerned.
- 10.105.1.2 The Settlement Authority will advise the failing and non-failing member that the transaction will be rolled to a revised settlement date determined by the Settlement Authority, which should not be more than **[5] 3** business days after the settlement date of the original transaction.
- 10.105.1.3 If the non-failing party is a client, [The] the Settlement Authority will [instruct the CSDP of transfer the original transaction of the non-failing party to a proprietary account of the non-failing member [to lift its commitment on the original transaction] so that the settlement of the transaction may be rolled.
- [10.105.1.4] [The Settlement Authority will instruct the non-failing member to transfer the original transaction to a proprietary account if the transaction was booked to a client's account.]**
- 10.105.1.**[5]4** The Settlement Authority will book an opposite settlement transaction through Strate between the failing member and the non-failing member for the same quantity and at the same price as the non-failing party's original transaction.
- 10.105.1.**[6]5** The Settlement Authority will re-book the settlement transaction through Strate between the failing member and the non-failing member for the same quantity and at the same price as the non-failing party's original transaction for settlement on the revised settlement date.
- 10.105.1.6 If the non-failing party is a client, the Settlement Authority will re-book the original transaction back to the account of the client, but for settlement on the revised settlement date.
- 10.105.1.7 If the failing **[or non-failing]** party is a client, the member that transacted on behalf of the client must re-book the original transaction to the client for settlement on the revised settlement date.
- 10.105.2 If settlement does not take place on the revised settlement date, the transaction may be rolled to a further revised settlement date, as determined by the Settlement Authority, which may not be more than 6 business days after the settlement date of the original transaction. If settlement does not take place on the final revised settlement date, the transaction will be declared to be a failed trade and the affected members must act in accordance with the instructions received from the Settlement Authority in terms of rule 10.110.
- 10.105.3 The non-failing member must, before the close of business on the business day following that on which the rolling of settlement has been completed, submit a statement, in writing, to the Settlement Authority detailing–
 - 10.105.3.1 if applicable, any corporate action which the equity security is subject to from the day of the original transaction; **[and]**
 - 10.105.3.2 if applicable, any tax implications that may have arisen; and
 - 10.105.3.**[2]3** any expenses incurred or income foregone by the member or the client as a consequence of the rolling of settlement, including interest.
- 10.105.4 ...
- 10.105.5 ...
- 10.105.6 ...

10.110 Failed trades

- 10.110.1 A failed trade will be dealt with in the following manner:
 - 10.110.1.1 The Settlement Authority will match a failed trade against an opposite transaction or transactions represented by one or more contract notes, being mindful of any apparent implications for the parties concerned.
 - 10.110.1.2 The Settlement Authority will advise the non-failing member that its transaction has been selected in terms of rule 10.110.1.1.

10.110.1.3 If the non-failing party is a client, the [The] Settlement Authority will transfer the original transaction [instruct the CSDP] of the non-failing party to a proprietary account of the non-failing member [to lift its commitment on the original transaction].

[10.110.1.4] [The Settlement Authority will instruct the non-failing member to transfer the original transaction on the same terms to a proprietary account if the transaction was booked to a client's account.]

10.110.1.**[5]**4 The Settlement Authority will book an opposite settlement transaction through Strate between the failing member and the non-failing member for the same quantity and at the same price as the non-failing party's original transaction.

10.110.2 ...

10.110.3 Re-transacting in respect of a failed trade must be dealt with in the following manner:

10.110.3.1 The non-failing member must re-transact the trade in the market for its own account within a period specified by the Settlement Authority and, where the non-failing party is a client, the Settlement Authority will re-book the original transaction to the client's account [and at the original price].

10.110.3.2 The non-failing member must, before the close of business on the business day following that on which the re-transaction has been completed, submit a statement, in writing, to the Settlement Authority detailing–

10.110.3.2.1 the date, price and quantity of securities of the original transaction and re-transaction, and the consequential profit or loss;

10.110.3.2.2 if applicable, any corporate action which the equity security is subject to from the day of the original transaction;**[and]**

10.110.3.2.3 if applicable, any tax implications that may have arisen; and

10.110.3.2.**[3]**4 any expenses incurred or income foregone by the member or the client as a consequence of the re-transaction, including interest.

10.110.3.3 ...

10.110.3.4 ...

10.110.3.5 ...

10.110.4 ...

10.110.5 ...

10.110.6 ...

10.110.7 ...

10.120 Borrowing of equity securities to prevent a trade from failing

10.120.1 ...

10.120.2 ...

10.120.3 A member must make good any corporate action arising on the loaned equity securities during the loan period and the effects of taxation in the hands of the lender, where applicable, within **[5]** 3 days of the payment date of the relevant corporate action.

10.120.4 ...

10.140 Margin on transactions in equity securities

10.140.1 ...

10.140.2 Margin is payable by a member before 12h00 on the **[fourth]** second business day after the trade –

- 10.140.2.1 in respect of a non-controlled client transaction where, by end of day on the **[third]** first business day after the trade date, the CSDP of the non-controlled client has not committed to settle the transaction on behalf of that client;
- 10.140.2.2 in respect of a controlled client sale transaction where, by end of day on the **[third]** first business day after the trade date, the controlled client –
 - 10.140.2.2.1 ...
 - 10.140.2.2.2 has not entered into a securities borrowing arrangement to facilitate settlement on the sale on settlement date, as reflected on the BDA system; **[or]**
 - 10.140.2.2.3 has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient equity securities for the sale to settle on settlement date; or
 - 10.140.2.2.4 does not have a corporate action equity share entitlement that will provide sufficient equity securities for the sale to settle on settlement date;
- 10.140.2.3 in respect of a controlled client purchase transaction where, by end of day on the **[third]** first business day after the trade date, the controlled client –
 - 10.140.2.3.1 does not have sufficient funds in the custody of the member or the member's CSP for the transaction to settle on settlement date; **[or]**
 - 10.140.2.3.2 has not concluded a sale transaction which is due to settle on or before the settlement date of the purchase and which will provide sufficient funds for the purchase to settle on settlement date; or
 - 10.140.2.3.3 does not have a corporate action cash entitlement that will provide sufficient funds for the purchase to settle on settlement date;
- 10.140.2.4 in respect of a sale transaction for the member's own account where, by end of day on the **[third]** first business day after the trade date, the member –
 - 10.140.2.4.1 ...
 - 10.140.2.4.2 has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDA system; **[or]**
 - 10.140.2.4.3 has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient equity securities for the sale to settle on settlement date; or
 - 10.140.2.4.4 does not have a corporate action equity share entitlement that will provide sufficient equity securities for the sale to settle on settlement date;
- 10.140.2.5 in respect of a purchase transaction for the member's own account where the member has not concluded a sale transaction due to settle on the settlement date of the purchase which will provide sufficient funds for the purchase to settle on settlement date.
- 10.140.3 ...

Section 13: Default

13.10 Default of a member

- 13.10.1 A member shall default if –
 - 13.10.1.1 subject to rule 13.10.2, it is unable to meet its commitments to another member, the JSE, a JSE settlement system or a non-member, arising out of a transaction or a JSE settlement system instruction; or
 - 13.10.1.2 the JSE, in its sole discretion, considers that it has defaulted.

13.10.2 If a member is unable to meet its obligation to pay margin to the JSE in terms of rule 10.140, the failure to pay such margin on the due date shall not automatically result in a default but the JSE may, after considering the risk and potential impact to the JSE, other members and clients arising from the failure to pay margin, determine that the member is in default.

13.10.[2]3 If a member is unable to meet its commitments in terms of rule 13.10.1.1 or the JSE considers that the member has defaulted in terms of rule 13.10.1.2 or 13.10.2, the JSE Executive will declare the member to be in default

Approved amendments to the JSE equities directives

Directive B - Transactions and Trading Procedures

Directive C – Corporate Actions

CC Corporate actions timeline

A diagrammatical representation of the generic corporate actions timeline is set out below for illustrative purposes.

Diagram to be deleted:

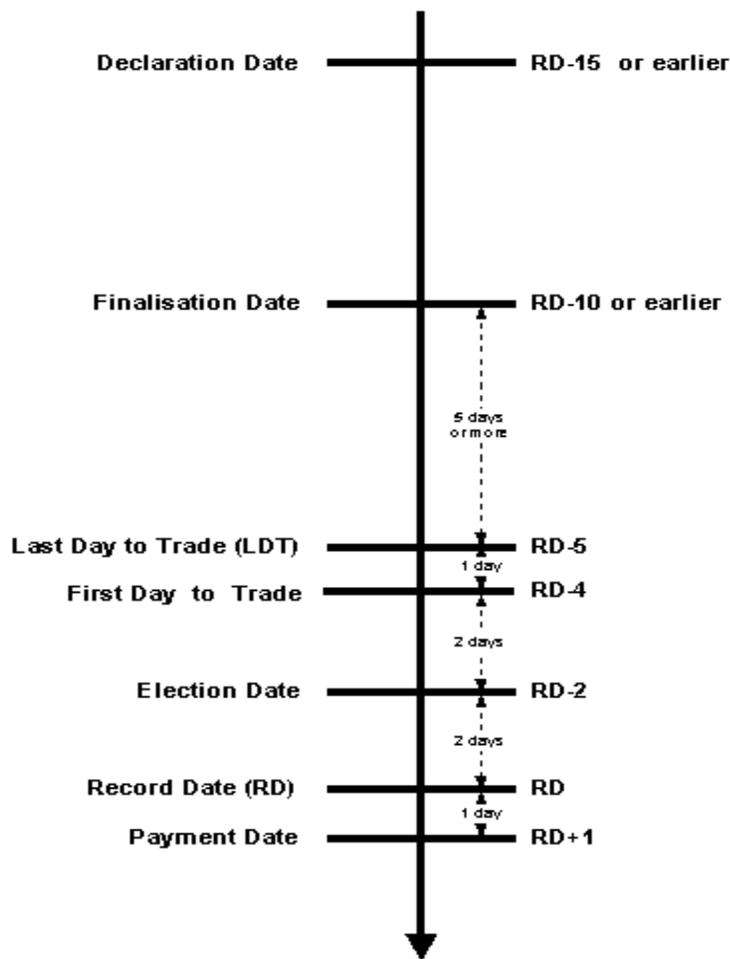
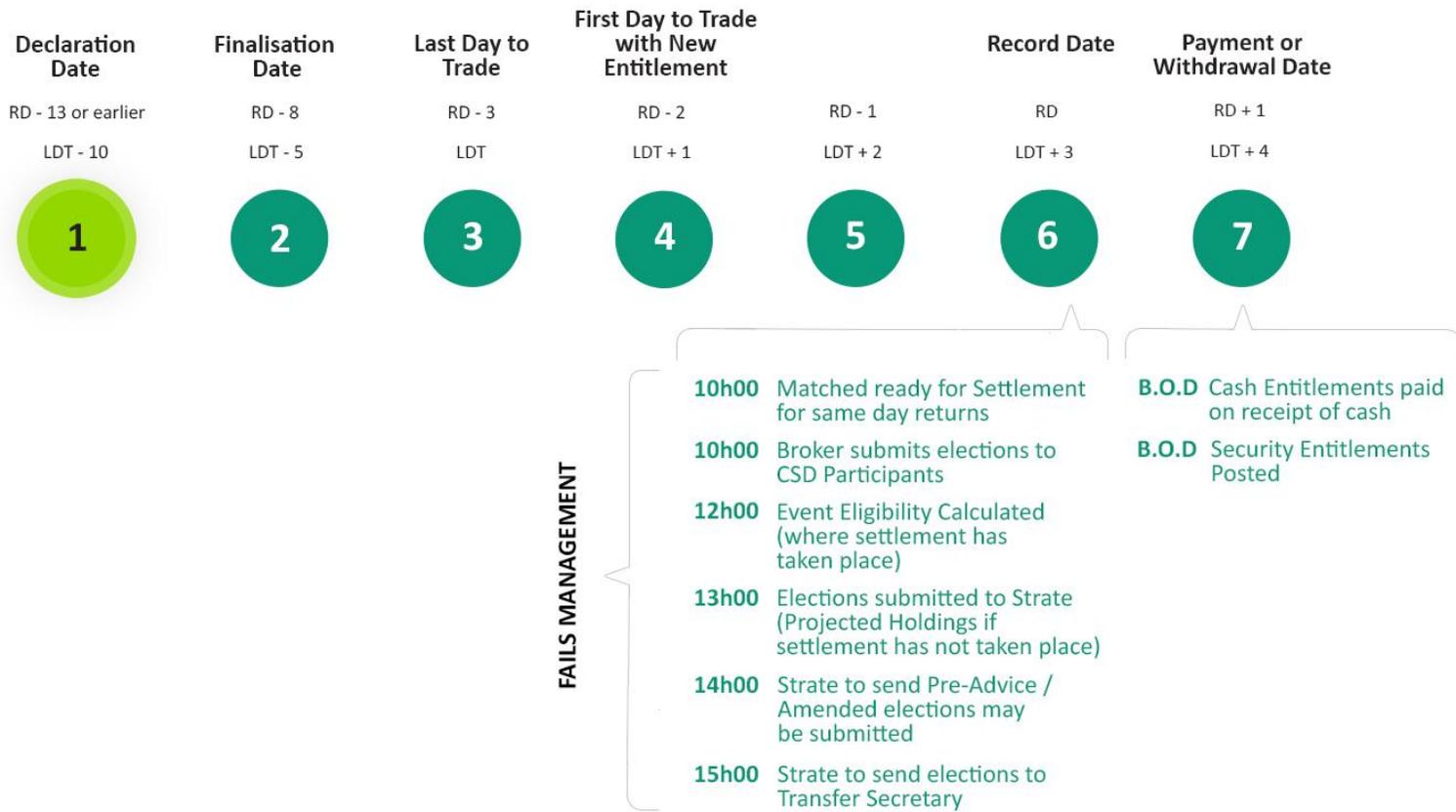


Diagram to be inserted:



CD General principles

1. ...
2. The Finalisation Date shall not be less than **[10]8** business days before RD and shall not be less than 5 business days before the LDT. On the Finalisation Date the issuer shall procure that there is announced and captured on SENS that –
 - 2.1 ...
 - 2.2 no further changes can be made to any of the pertinent details of the corporate action which may only thereafter be cancelled before LDT by agreement between the JSE Listings Advisory Committee and the issuer; and
 - 2.3 ...
3. Dematerialisation or re-materialisation of the affected securities shall not be permitted during the period RD-**[4]2** to RD.
4. **[Due to the five day rolling settlement cycle in respect of transactions in securities on the JSE.]**LDT will always occur at least five business days after Finalisation Date. LDT is the last business day to trade cum the corporate action.
5. ...
6. The Election Date must be the third business day after the LDT (LDT+3) on RD [and must be two business days before the RD (RD2)] and affected parties are required to make an election, if applicable, on or before this date, in accordance with the provisions of the client's mandate.
7. ...
8. ...
9. The RD must be –
 - 9.1 at least **[15]13** business days after the announcement of the corporate action made on Declaration Date;
 - 9.2 at least **[10]8** business days after the Finalisation Date;
 - 9.3 **[5]3** business days after the LDT; and
 - 9.4 on the business day before Payment Date, where applicable.All entitlements will be allocated to beneficial owners based on their holdings as at the RD.
10. ...
11. ...

CE Principles applying to specific event types

1. On the First Day to Trade (RD-**[4]2**), the new securities referred to in CD 5 arising from the corporate events listed below, are listed and may be traded, and, if applicable, the price of the affected securities and any indices in which the securities are included is adjusted:
 - 1.1 ...
2. At the commencement of business on the First Day to Trade (RD-**[4]2**), the mother share will be delisted and may not be traded in respect of the following corporate events:
 - 2.1 ...
3. On the First Day to Trade (RD-**[4]2**), the mother share in respect of the following corporate events will continue to be listed and may be traded, and the price of the mother share and any indices in which it is included is adjusted:
 - 3.1 ...

Directive D – Members’ Financial Management and Reporting

DC Members Financial Resources Requirements

9 Counterparty Risk Requirement (CRR)

Table 9.14 – Calculation of Counterparty Risk Requirement

| Nature of Transaction | CRR Amount |
|---|--|
| 9.14.1 Unsettled securities transactions, other than those specified in 9.14.6. | |
| 9.14.1.1 Transactions in securities on behalf of controlled clients <ul style="list-style-type: none"> • From trade date onwards | 100% of the difference between the transaction value and the market value of the securities. In addition, PRR shall be computed on the market value of the net of the unsettled purchase and sale transactions in each security on each client’s account. |
| 9.14.1.2 Transactions in securities on behalf of non-controlled clients | |
| 9.14.1.2.1 Where the CSDP of the client has committed to settling the transaction | Nil |
| 9.14.1.2.2 Where the CSDP of the client has not committed to settling the transaction <ul style="list-style-type: none"> • [2 days after] <u>On</u> trade date • [3]1 day[s] after trade date • [4]2 days after trade date and thereafter | 2% of the greater of the aggregate value of uncommitted purchases or sales in each security on each client’s account Nil (Note: Uncommitted transactions are subject to margin on T+ [3]1 and the margin in respect of non-controlled client trades is treated as an illiquid asset) 100% of the difference between the transaction value and the market value of the securities. In addition, PRR shall be computed on the market value of the net of the unsettled purchase and sale transactions in each security on each client’s account |

ED Information to be submitted to the Settlement Authority

No member may conduct a transaction in equity securities unless the following information has been advised in writing to the Settlement Authority –

1. ...
2. ...
3. ...
4. ...
5. ...
6. member's CSDP Strate Securities Custody Account (SCA) or Segregated Depository Account (SDA) number for proprietary and controlled client settlements;
7. ...
8. ...
9. ...
10. ...
11. current account number at the member's CSDP; and
- [12.] [equities margin account details at the member's bank; and]**
- [13]12.** name and contact details of the member's settlement officer and his alternate.

EF Settlement timetable for transactions conducted in equity securities

| Timing | Description | Activity | Rule |
|--------|-------------|---|-----------|
| | Pre-trade | <p>Member's pre-trade obligations</p> <p>1 A member may only place an order or report a trade on the JSE trading system if such member has appointed a CSDP and has SWIFT connectivity as prescribed by directive and has taken reasonable steps to satisfy itself that –</p> <p>1.1 ...</p> <p>1.2 in respect of a sell order –</p> <p>1.2.1 ...</p> <p>1.2.2 ...</p> <p>1.2.3 ...</p> <p>1.2.4 ...</p> <p>1.2.5 a corporate action provides for an equivalent amount of equity securities being available for settlement on settlement day[.]; <u>or</u></p> | 10.50.2.2 |

| Timing | Description | Activity | Rule |
|--------|-------------|---|------|
| | | 1.2.6 the equity securities to be sold by a client will be transferred from a foreign register to the local register and the client is able to provide evidence to the satisfaction of the member that the transfer of the equity securities from the foreign register will be concluded in time to ensure that such securities will be available for settlement on settlement day. | |

| Timing | Description | Activity | Rule |
|------------|--|---|---------------------------------------|
| T+1 | First business day after trade day | Reporting to a client 8 A member must by no later than 12h00 communicate to a client, details of transactions in equity securities. | 10.60.1.2 |
| | | Client's obligations 9.1 The client must be deemed to have accepted the transaction unless he notifies the member to the contrary by 18h00. 9.2 A non-controlled client must provide settlement instructions to its CSDP upon acceptance of a transaction reflected on a contract note, but by no later than 12h00. 9.3 A controlled client must by no later than 16h00 ensure that the member will be in a position to settle on settlement date. | 10.60.1.3 10.70.2 10.80.1 |
| | | Member's obligations 10.1 If a controlled client fails to comply with EF 9 the member will be entitled to proceed in terms of rule 10.100. 10.2 A member must ensure that no allocation corrections (deal adjustments) are made after 18h00. Any allocation correction, in the case of a non-controlled client transaction, should be communicated to the client within sufficient time to allow for the CSDP of the client to commit by no later than 12h00 on the second business day after the trade day. | 10.80.2 10.60.2 |
| EOD T+1 | End of day on first business day after trade day | Margin on transactions in equity securities 11.1 A member will be required to provide margin for transactions which remain uncovered or uncommitted at end of day on T+1. 11.2 Margin must be payable by a member before 12h00 on T+2. | 10.140.1 10.140.2 |
| T+2 | Second business day after trade day | [Client's obligations] [9.1] [The client must be deemed to have accepted the transaction unless he notifies the member to the contrary by 12h00.] [9.2] [A non-controlled client must provide settlement instructions to its CSDP upon acceptance of a transaction reflected on a contract note, but by no later than 16h00.] [9.3] [A controlled client must by no later than 16h00 ensure that the member will be in a position to settle on settlement date] | [10.60.1.3] [10.70.2] [10.80.1] |

| Timing | Description | Activity | Rule |
|---------------------------------|-------------------------------------|--|--|
| T+2 | Second business day after trade day | <p>[Member's obligations]</p> <p>[10.1] [If a controlled client fails to comply with EF 9 the member will be entitled to proceed in terms of rule 10.100.]</p> <p>[10.2] [A member must ensure that no allocation corrections (deal adjustments) are made after 16h00. Any allocation correction, in the case of a non-controlled client transaction, should be communicated to the client within sufficient time to allow for the CSDP of the client to commit by no later than 12h00 on the third business day after the trade day.]</p> <p>CSDP commitment</p> <p><u>12.1</u> A non-controlled client must by no later than 12h00 ensure and procure that his CSDP has committed to settle the transaction on his behalf.</p> <p><u>12.2</u> A member must by no later than 12h00 ensure that his CSDP has committed to settle the transactions in respect of controlled accounts.</p> <p><u>12.3</u> In the event that a non-controlled client fails to comply with EF 11.1 the member will be entitled to proceed in terms of rule 10.100.</p> <p>Failure by client to meet obligations</p> <p><u>13.1</u> A member will, by no later than 16h00, assume the obligation to settle the transaction through the member's CSDP in the event that the CSDP of a non-controlled client fails to commit to settle a transaction by 15h00.</p> <p><u>13.2</u> A member will, by no later than 16h00, assume the obligation to settle the transaction through the member's CSDP in the event that a controlled client fails to cover a sale transaction by 15h00.</p> <p><u>14</u> A member must, by no later than 18h00, ensure that the CSDP of the member commits to settle the said transaction.</p> | <p>[10.80.2]</p> <p>[10.60.2]</p> <p><u>10.70.3</u></p> <p><u>10.90.5</u></p> <p><u>10.70.4</u></p> <p><u>10.70.6</u>, <u>10.90.6</u> and <u>10.70.5</u></p> <p><u>10.80.2</u></p> <p><u>10.90.7</u></p> |
| (S) T+3 08h00 to 10h00 | Third business day after trade day | <p>Settlement Authority's procedures</p> <p><u>15</u> Where a member has acted in terms of EF 14 and is unable to procure the commitment to settle by his CSDP by 18h00 on T+2, the Settlement Authority will endeavour by 10h00 on T+3 to –</p> <p><u>15.1</u> in respect of a sale transaction, borrow, as agent, on behalf of the member as undisclosed principal, the equity securities required by the member to comply with its obligations to settle the transaction; or</p> <p><u>15.2</u> in respect of a purchase transaction, lend to the member the funds required by the member to comply with its obligations to settle the transaction; or</p> | <p><u>10.120.1</u></p> <p><u>10.130.1</u></p> |

| | | | |
|-----------------|--|--|--|
| | | <p>[CSDP commitment</p> <p>11.1 A non-controlled client must by no later than 12h00 ensure and procure that his CSDP has committed to settle the transaction on his behalf.</p> <p>11.2 A member must by no later than 12h00 ensure that his CSDP has committed to settle the transactions in respect of controlled accounts.</p> <p>11.3 In the event that a non-controlled client fails to comply with EF 11.1 the member will be entitled to proceed in terms of rule 10.100.]</p> | <p>[10.70.3</p> <p>10.90.5</p> <p>10.70.4]</p> |
| 10h00 and 12h00 | Third business day after trade day | <p>Rolling of Settlement Procedures</p> <p>16.1 in respect of a sale or a purchase transaction where the Settlement Authority is unable to perform in terms of EF 15.1 or EF 15.2, in its sole discretion and under exceptional circumstances, allow the rolling of settlement in terms of rule 10.105; or</p> | 10.40.2.9 |
| | | <p>Failed Trade Procedures</p> <p>17 Where the Settlement Authority is unable to perform in terms of EF 15.1 or 15.2, or has decided not to roll the settlement in terms of EF 16.1, it will declare the said transaction a failed trade in terms of rule 10.60.3, instruct a member or a client (via the member) to close the purchase or sale transaction on the basis set out in rule 10.110 and it will be dealt with in the following manner -</p> <p>17.1 the Settlement Authority will match such failed trade against an opposite transaction or transactions represented by one or more contract notes being mindful of any apparent implications for the parties concerned;</p> <p>17.2 the transactions selected in terms of EF 16.1 will be closed in terms of the principles and procedures in rule 10.110.1.3</p> | <p>10.40.2.10</p> <p>10.60.3,</p> <p>10.105 and</p> <p>10.110.1</p> |
| [EOD T+3] | [End of day on third business day after trade day] | <p>[Margin on transactions in equity securities]</p> <p>[12.1 A member will be required to provide margin for transactions which remain uncovered or uncommitted at end of day on T+3.]</p> <p>[12.2 Margin must be payable by a member before 12h00 on T+4.]</p> | <p>[10.140.1]</p> <p>[10.140.2]</p> |
| [T+4] | [Fourth business day after trade day] | <p>[Failure by client to meet obligations]</p> <p>[13 A member will, by no later than 12h00, assume the obligation to settle the transaction through the member's CSDP in the event that the CSDP of a non-controlled client fails to commit to settle a transaction by 11h00.]</p> <p>[14 A member must, by no later than 14h00, ensure that the CSDP of the member commits to settle the said transaction.]</p> | <p>[10.70.6,</p> <p>10.90.6 and</p> <p>10.70.5]</p> <p>[10.90.7]</p> |
| [12h00 – 16h00] | Fourth business day after trade day | <p>[Settlement Authority's procedures]</p> <p>[15 Where a member has acted in terms of EF 13 and is unable to procure the commitment to settle by his CSDP by 14h00, the Settlement Authority will endeavour by 16h00 to –</p> | |

| | | | |
|-----------------|---|--|---|
| | | <p>[15.1 in respect of a sale transaction, borrow, as agent, on behalf of the member as undisclosed principal, the equity securities required by the member to comply with its obligations to settle the transaction; or]</p> <p>[15.2 in respect of a purchase transaction, lend to the member the funds required by the member to comply with its obligations to settle the transaction; or]</p> <p>[15.3 in respect of a sale or a purchase transaction where the Settlement Authority is unable to perform in terms of EF 15.1 or EF 15.2, in its sole discretion and under exceptional circumstances, allow the rolling of settlement in terms of rule 10.105; or]</p> | <p>[10.120.1]</p> <p>[10.130.1]</p> <p>[10.40.2.9 and 10.40.2.10]</p> |
| [Timing] | [Description] | [Activity] | [Rule] |
| [12h00 – 16h00] | [Fourth business day after trade day] | <p>[Settlement Authority’s procedures (cont.)]</p> <p>[15.4 in respect of a sale or a purchase transaction where the Settlement Authority has decided to roll settlement in terms of EF 15.3, instruct a member or a client (via the member) to close the purchase or sale transaction on the basis set out in rule 10.110.]</p> | [10.40.2.9] |
| | | <p>[Failed Trade Procedures]</p> <p>[16 Where the Settlement Authority is unable by 16h00 to perform in terms of EF 15.1 or 15.2, or has decided not to roll the settlement in terms of EF 15.3, it will at 16h00 declare the said transaction a failed trade in terms of rule 10.60.3 and it will be dealt with in the following manner -</p> <p>[16.1 the Settlement Authority will match such failed trade against an opposite transaction or transactions represented by one or more contract notes being mindful of any apparent implications for the parties concerned;]</p> <p>[16.2 the transactions selected in terms of EF 16.1 will be closed in terms of the principles and procedures in rule 10.110.1.3.]</p> | [10.60.3, 10.105 and 10.110.1] |
| [S (T+5)] | [Settlement day (Fifth business day after trade day)] | <p>Settlement</p> <p>1[7]8Settlement is effected by the relevant CSDP of the member and/or client and/or the Settlement Authority.</p> | 10.60.1.5 |

EG Borrowing of equity securities through the Settlement Authority

2. Terms and conditions

The Settlement Authority will facilitate the borrowing of equity securities on behalf of a member under the following terms and conditions –

2.1 ...

- 2.2 the Settlement Authority will initiate the borrowing by sending the necessary **[Swift messages]**lending orders to Strate, and will advise a member of the transactions giving rise to the loaned equity securities and the collateral requirement;
- 2.3 ...
- 2.4 ...
- 2.5 ...
- 2.6 ...
- 2.7 ...
- 2.8 a member must ensure the return of the loaned equity securities within **[5]3** business days of a loan recall;
- 2.9 ...
- 2.10 ...
- 2.11 ...
- 2.12 where a member notifies the Settlement Authority by 17h00 on T+**[3]1** that it is unable to enter into an arrangement to ensure that a transaction settles on settlement day as envisaged by rule 10.90.9, the penalty reflected in EJ 3.2 will be halved, while the lending fees will remain as reflected in EK 1.1.

EH Lending of funds by the Settlement Authority

2. Terms and conditions

The Settlement Authority will facilitate the lending of funds to a member under the following terms and conditions –

- 2.1 ...
- 2.2 the Settlement Authority will initiate the funding by sending the necessary **[Swift messages]**lending orders to Strate, and will advise a member of the transactions giving rise to the loaned funds and the collateral;
- 2.3 ...
- 2.4 ...
- 2.5 ...
- 2.6 ...
- 2.7 ...
- 2.8 ...

EJ Penalties

1. The following penalties will be levied by the JSE in respect of the relevant transgressions:

| Transgression | Penalty |
|--|---------------------|
| 1.3 T+ [2]1 Contravention of rule 10.60.2 regarding late allocation corrections | R5 000 |
| 1.4 T+ [4]2 Where a member is required to assume the obligations of a non-controlled <u>or controlled</u> client to settle a transaction at [12h00]16h00 on T+ [4]2 in terms of rule 10.70.6 | R500 per occurrence |

| Transgression | Penalty |
|--|--|
| <p>1.5 <u>T+2</u></p> <p>Where a member has assumed the obligations of a non-controlled <u>or controlled</u> client to settle a transaction and is unable at [14h00]18h00 to procure a commitment of its CSDP to settle the transaction in terms of rule 10.90.7.</p> | <p>R500 per occurrence</p> |
| <p>1.6 <u>T+3</u></p> <p>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 equity securities on behalf of the member in terms of rule 10.120</p> | <p>R1 000 plus the brokerage on the trade for which securities are borrowed with a minimum fine of 0,075% of the value of the trade, not exceeding R25 000</p> |

EM Margin on uncovered and uncommitted trades

1. Definitions

For the purposes of this directive, the following definitions will apply –

“margin factor” means the percentage reflecting the potential adverse price movement from EOD on T+[3]1 until settlement date for each equity security with reference to its price volatility risk, spread risk, liquidity risk, and impact cost risk and how these factors interact over time;

2. Margining procedures

A transaction which remains uncovered or uncommitted at end of day (EOD) on T+[3]1 in terms of rule 10.140.2 will be margined on the basis set out below.

2.1 Each member will –

2.1.1 mandate its bank, to the satisfaction of the JSE, to accept transfer instructions from the JSE on behalf of the member; and

[2.1.2 designate only one bank account for the above purpose; and]

2.1.[3]2 ensure that sufficient cash is available in the designated account to meet any daily margin call.

2.2 ...

2.3 The JSE will determine the margin requirement on each uncovered or uncommitted trade by netting the values calculated through establishing –

2.3.1 the mark-to-market price movement from the trade price on T of the equity securities to the closing price at EOD on T+[3]1; and

2.3.2 the potential adverse price movement of the equity securities from EOD on T+[3]1 until S, based on the margin factor.

2.4 **[Report only]** Certain off book trades, which are deemed by the Settlement Authority to have an impact on on book trades, will [not] be margined.

2.5 ...

2.6 ...

2.7 ...

2.8 ...

2.9 ...

- 2.10 The JSE will initiate a margin call by sending the necessary **[Swift]** settlement order messages to the member's **[bank]** CSDP to instruct the transfer of funds for same day value.
- 2.11 The margin requirement will be payable by the member to the JSE before 12h00 on T+[4]2 and will be repayable by the JSE to the member before 12h00 on S: Provided that the circumstances surrounding the uncovered or uncommitted trade have been resolved to the satisfaction of the JSE.
- 2.12 The margin or part thereof, may be retained by the JSE to cover a potential loss incurred in settling, rolling of settlement, failed trades or closing out a member's trades.
- 2.13 ...
- 2.14 ...
- 2.15 ...