

**BOARD NOTICE 77 OF 2001**

STOCK EXCHANGE CONTROL ACT, 1985

**AMENDMENT OF THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA**

1. In terms of section 12 (6) of the Stock Exchanges Control Act, 1985 ( Act No. 1 of 1985), it is hereby notified that the JSE Securities Exchange South Africa has applied to the Registrar of Stock Exchanges for the approval to make amendments to its rules, as set forth in the Schedule hereto.
2. In terms of section 12 (7) of the said Act all interested persons (other than members of the Securities Exchange) who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Stock Exchanges, PO Box 35655, Menlo Park, 0102, within a period of 30 days from the date of publication of this notice.

**J VAN ROOYEN**  
Registrar of Stock Exchanges

**SCHEDULE**

General explanatory notes

1. Words underlined with a solid line (\_\_\_) indicate the insertions in the existing rules.
2. Words in square brackets ([ ]) indicate omissions from existing rules.

**AMENDMENTS TO THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA****1. PROPOSED AMENDMENTS TO SECTION 2 – INTERPRETATIONS AND DEFINITIONS**

"settlement officer" means an employee of a broking member (equities) [designated] appointed by that member in terms of the rules [–

( a ) for dealing with all queries by the JSE in relation to settlement, and

( b ) as being responsible for ensuring] to ensure that all transactions in securities and STRATE approved securities entered into by [the] that member are settled in terms of the rules and directives;

"alternate settlement officer" means an employee of a broking member (equities) fulfilling the functions of the settlement officer in the settlement officer's absence;

**2. PROPOSED AMENDMENTS TO SECTION 3 – MEMBERSHIP AND DISCIPLINARY PROCEDURES**

3.110.1 A broking member (equities) shall appoint a settlement officer to ensure that the settlement of transactions in securities and STRATE approved securities effected by that member takes place. Such settlement officer shall have obtained a pass in the settlement officer examination as may be prescribed by the JSE.

3.110.2 A settlement officer shall, in respect of the settlement of securities and STRATE approved securities, be responsible for –

3.110.2.1 dealing with all queries by the JSE in relation to settlement;

3.110.2.2 ensuring that all transactions are settled in terms of the rules and directives;

3.110.2.3 advising the JSE of any issue that may potentially impact on the settlement of a transaction; and

3.110.2.4 cooperating with the settlement authority to ensure the efficient and timeous settlement of all transactions.

3.110.3 A broking member (equities) shall appoint an alternate settlement officer who shall act in the absence of the settlement officer in all matters for which the settlement officer is responsible in terms of these rules. Such

alternate settlement officer shall have obtained a pass in the settlement officer examination as may be prescribed by the JSE.

- 3.110.4 The appointments referred to in 3.110.1 and 3.110.3 shall be made simultaneously with an application to the JSE to be admitted as a broking member (equities). Notwithstanding these appointments, such member shall retain overall responsibility for ensuring compliance with the Act, rules and directives relating to the settlement of securities and STRATE approved securities.
- 3.110.5 A broking member (equities) shall, as soon as is practicable, advise the JSE of any change in the identity or contact details of its settlement officer or alternate settlement officer.
- 3.110.6 Except where the JSE may otherwise direct, a broking member (equities) shall not at any time conduct its business in the absence of a duly appointed settlement officer or alternate settlement officer.
- 3.110.7 Notwithstanding a broking member (equities) having appointed a clearing house settlement agent or a CSA to effect settlement of securities and STRATE approved securities on behalf of that member and its clients, the settlement officer shall retain the responsibilities set out in this rule.

### 3.285 Improper conduct

The following acts and practices whether of commission or omission on the part of any person who at the time of the alleged act or practice was a member or a partner, employee or officer of a member shall constitute improper conduct, provided that the acts and practices so specified are not intended to be a complete list of acts and practices which may constitute improper conduct:

- 3.285.1 committing or attempting to commit any act which is any one or more of dishonest, fraudulent, dishonourable or disgraceful;
- 3.285.2 being a party to, or facilitating or conducting a transaction which is fictitious and/or has a dishonest or unlawful motive;
- 3.285.3 contravening, attempting to contravene, or failing to comply with any one or more of any provision of the Act, a JSE rule, a directive or a Board decision;
- 3.285.4 negligently or recklessly conducting the business or affairs of the member in such a way that actual or potential prejudice is, or may be, caused to the JSE, any other member, a client of a member or the general public. The failure by a member to introduce appropriate and reasonable safeguards or controls to avoid such prejudice may be treated where appropriate as constituting either negligence or recklessness;
- 3.285.5 committing or attempting to commit any act which is detrimental to any one or more of the interest, good name or welfare of the JSE or its members;
- 3.285.6 knowingly obstructing the business of the JSE or its members;
- 3.285.7 failing, when requested, to assist the JSE's Surveillance Department in the exercise of its duties (which shall include, but shall not be limited to, failure without sufficient cause to provide information in accordance with the provisions of rule 3.275.2.1.5).

### **3. PROPOSED AMENDMENTS TO SECTION 5 – TRANSACTIONS, TRADING PROCEDURES AND DISPUTES**

- 5.10.11 [Before undertaking to execute any transaction for a new client, a broking member (equities) shall, as a minimum, authenticate the identity and residential address of such client and maintain a record of the means of such authentication.] "Reserved"**

- 5.15.1 Every broking member (equities), CSM and CSA shall ensure that it obtains and maintains sufficient information on each client account so as to be able to identify the beneficiary of the account and the person or persons responsible for placing instructions on the account at all times.
- 5.15.2 As a minimum, the broking member (equities), CSM and CSA shall obtain the following information in respect of each account holder:
- 5.15.2.1 full name of the account holder;
  - 5.15.2.2 identity number or registration number, as the case may be;
  - 5.15.2.3 physical and postal address;
  - 5.15.2.4 telephone number; and
  - 5.15.2.5 type of account holder identifying whether they are a -
    - 5.15.2.5.1 private individual;
    - 5.15.2.5.2 company;
    - 5.15.2.5.3 close corporation;
    - 5.15.2.5.4 private trust;
    - 5.15.2.5.5 partnership;
    - 5.15.2.5.6 joint venture;
    - 5.15.2.5.7 syndicate;
    - 5.15.2.5.8 investment club;
    - 5.15.2.5.9 pension or provident fund;
    - 5.15.2.5.10 mutual fund or unit trust;
    - 5.15.2.5.11 government agency;
    - 5.15.2.5.12 public utility;
    - 5.15.2.5.13 religious, educational or welfare organisation; or
    - 5.15.2.5.14 trading account name
- 5.15.3 The information referred to in 5.15.2.1 to 5.15.2.4 shall also be obtained in respect of the person or persons responsible for placing instructions on a client account if the person placing the instructions is not the individual in whose name the account is held or the account is not in the name of an individual.
- 5.15.4 The information referred to in 5.15.2 and 5.15.3, together with any bank account details provided by the client, shall be confirmed by the client in writing (including an electronic communication) and the broking member (equities) shall maintain a record of such confirmation. Any changes to the said information shall be advised by the client in writing to the broking member (equities) as soon as practicable.
- 5.15.5 Before undertaking to execute any transaction for a new client, a broking member (equities) shall, as a minimum, authenticate the identity and residential address of such client and maintain a record of the means of such authentication.
- 5.15.6 The requirements for information to be obtained and maintained in terms of this rule 5.15 shall apply to all new accounts opened after the implementation of this rule and shall, effective 1 January 2002, also apply to accounts opened prior to the implementation of this rule.