

BOARD NOTICE 155 OF 2009**SECURITIES SERVICES ACT, 2004****PROPOSED AMENDMENTS TO THE RULES OF THE JSE LIMITED**

1. In terms of section 61(5) of the Securities Services Act, 2004 (Act No. 36 of 2004), it is hereby notified that JSE Limited has applied to the Registrar of Securities Services for approval of proposed amendments of its rules, which amendments are set out in the Schedule.
2. In terms of section 61(5) of the said Act, all interested persons who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Securities Services, PO Box 35655, Menlo Park, 0102, or at the following email address: normanm@fsb.co.za, within a period of 14 days from the date of publication of this notice.
3. In terms of section 61(6) of the said Act, I, Dube Tshidi, hereby determine 12 December 2009 as the date on which the rules in the Schedule come into operation. If any objections are received, another commencement date may be determined by notice in the Gazette.

DP TSHIDI
REGISTRAR OF SECURITIES SERVICES

SCHEDULE**PROPOSED AMENDMENTS TO THE DERIVATIVES RULES****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 omissions from the existing rules.

A. AMENDMENTS TO DERIVATIVES RULES 8.60.3.1 AND 8.60.3.2**8.60.3 Additional margin**

- 8.60.3.1 A clearing member may require a trading member with whom he has entered into a clearing agreement to deposit with him, with respect to the proprietary position of the trading member or the position of any of the clients of the trading member, an amount of additional margin **[equal to a factor of the initial margin kept by the clearing house with respect to such position as agreed to in writing between the clearing member and the trading member]** as agreed upon between the parties in terms of the clearing agreement.
- 8.60.3.2 A member may require a resident client to deposit with him, with respect to the resident client's position, an amount of additional margin **[equal to a factor of the initial margin kept by the clearing house, with respect to the said positions, as agreed to in writing between the member and the client]** as agreed upon between the parties in terms of the client agreement.

B. INSERTIONS IN DERIVATIVES RULES 8.90.4 AND 8.90.7

- 8.90.4 With respect to his proprietary positions, and the positions of his clients, a trading member shall pay to or receive from the clearing member the net amount of -
- 8.90.4.1 subject to rule 9.20, **[and read together with rule 8.60.3.1,]** the initial margin referred to in rule 8.60.1;
- 8.90.4.2 the additional margin referred to in rule 8.60.3.1;

- 8.90.4.~~[2]~~³ the variation margin referred to in rule 8.60.2;
 8.90.4.~~[3]~~⁴ any interest payable in terms of rule 8.70.2; and
 8.90.4.~~[4]~~⁵ the fees referred to in rule 8.80.2.

8.90.7 Subject to rule 9.30.1, with respect to his positions a client shall pay to or receive from the trading member with whom he traded to open such positions the net amount of -

- 8.90.7.1 the total of the initial margin referred to in rule 8.60.1 for all its aggregate positions **[read together with rule 8.60.3.2]**: Provided that any amount so due from the resident client shall be off-set against any retained margin referred to in rule 8.60.4;
 8.90.7.2 ~~the additional margin referred to in rule 8.60.3.2:~~
 8.90.7.~~[2]~~³ the variation margin referred to in rule 8.60.2;
 8.90.7.~~[3]~~⁴ any interest payable in terms of rule 8.70.3; and
 8.90.7.~~[4]~~⁵ the fees referred to in rule 8.80.3.

C. AMENDMENTS TO DERIVATIVES RULES 10.10.1, 10.10.2 AND 10.10.3

10.10 Trading and position limits

- 10.10.1 The clearing house ~~[shall]~~ may limit the ~~[sum of the risk of loss of] aggregate exposure arising from~~ the proprietary positions of a clearing member, the positions of the clients of the clearing member, the positions of trading members with which ~~[it]~~ the clearing member has entered into clearing agreements and the positions of the clients of such trading members in relation to the net financial worth of the clearing member plus his suretyship referred to in rule 4.20.6 in a manner determined by the JSE.
- 10.10.2 The clearing member ~~[shall]~~ may limit the ~~[sum of the risk of loss of] aggregate exposure arising from~~ the proprietary positions of a trading member and ~~the positions of the clients of such trading member], and the clearing member shall inform the clearing house of all such limits and any changes thereto].~~
- 10.10.3 A clearing member may stipulate a limit to the number of exchange contracts that may constitute a trade by a particular trading member at any one time~~], and he shall notify the clearing house of such limits and the clearing house shall publish such limits in a notice to all members].~~

D. AMENDMENTS TO DERIVATIVES RULES 11.10, 11.30 AND 11.40

11.10 Management of funds by the clearing house

- 11.10.1 The clearing house shall separate the margins and other moneys, securities and other corporeal and incorporeal things of any member or client from its own assets and shall manage and invest such margins and other moneys in a manner and subject to such terms and conditions as the JSE shall decide.
- 11.10.1.1 A clearing member may deposit any additional margin kept by him in terms of rule 8.60.3.1 with the clearing house.
- 11.10.1.2 A member may deposit any additional or retained margin kept by him in terms of rule 8.60.3.2 in respect of his resident clients with the clearing house.
- 11.10.2 The clearing house, on behalf of the JSE, shall monthly in arrears, retain an interest consideration as determined by the JSE of not more than 2% per annum on any margins held by it in respect of any position registered in the name of any person during the month.