

**IN THE PROCEEDINGS BEFORE THE ENFORCEMENT COMMITTEE
ESTABLISHED IN TERMS OF SECTION 10(3) OF THE FINANCIAL
SERVICES BOARD ACT, NO.97 OF 1990**

CASE NO: EC 26/2015

In the matter of:

**THE DIRECTORATE OF MARKET ABUSE
FINANCIAL SERVICES BOARD**

First Applicant

Second Applicant

and

WARREN FRIEDLAND

Respondent

ORDER

WITH DUE CONSIDERATION to the settlement agreement (attached marked annexure "A") in terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, I hereby determine that the Respondent contravened Section 80 (1) (a) of the Financial Markets Act, No. 19 of 2012.

I hereby impose a penalty inclusive of costs of R10 000.

The remaining terms and conditions of the settlement agreement are incorporated and made an order of the Enforcement Committee.

Signed at **PRETORIA** on the²⁶ day of October **2015**

A handwritten signature in black ink, appearing to read 'C F Eloff', written over a horizontal dotted line.

C F Eloff

Chairperson of the Enforcement Committee

^u
A u u s e A ^u

**IN THE PROCEEDINGS BEFORE THE ENFORCEMENT
COMMITTEE ESTABLISHED IN TERMS OF SECTION 10(3), OF
THE FINANCIAL SERVICES BOARD ACT, NO 97 OF 1990**

CASE NO: 26 /2015

In the matter between:

DIRECTORATE OF MARKET ABUSE	FIRST APPLICANT
FINANCIAL SERVICES BOARD	SECOND APPLICANT
and	
WARREN FRIEDLAND	RESPONDENT

**SETTLEMENT AGREEMENT IN TERMS OF SECTION 6B (7)(a)
OF THE FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS)
ACT 28 OF 2001**

1. Introduction

- 1.1. The Directorate of Market Abuse (the First Applicant) exercised its powers in terms of section 85 (1) (c) of the Financial Markets Act, 19 of 2012 (the FMA) and investigated certain transactions concluded by an account in the name of Mr Warren Friedland (the Respondent) in the shares of Micromega Holdings Limited (Micromega) on 12 July 2013.
- 1.2. The First Applicant's investigation concluded that the Respondent had contravened section 80 (1) (a) of the FMA (prohibited trading practices). Upon completion of the investigation the First Applicant as empowered by section 6A (2) of the Financial Institutions (Protection of Funds) Act No 28 of 2001 (the FI Act) referred the matter against the Respondent to the Enforcement Committee of the Financial



Services Board. The Applicants seek an administrative penalty to be imposed on the Respondent.

- 1.3. The Respondent wishes for the matter to be dealt with by way of a settlement agreement as contemplated by section 6B (7) (a) of the FI Act.
- 1.4. The parties have agreed to the facts set out below.

2. The parties to the agreement

- 2.1. The First Applicant, a committee of the Financial Services Board (FSB) established in terms of section 85 of the FMA. The DMA exercises the powers of the FSB to investigate matters relating to market abuse offences.
- 2.2. The Second Applicant is the FSB, a juristic person established in terms of section 2 of the Financial Services Board Act, No 97 of 1990. The functions of the FSB are *inter alia* to supervise and enforce compliance with the laws relating to financial institutions and the provision of financial services.
- 2.3. The First and Second Applicants are herein represented by Cuthbert King Chanetsa, the Deputy Executive Officer of Investment Institutions of the FSB, and the Acting Chairperson of the DMA.
- 2.4. The Respondent is Warren Friedland, an adult male residing at 28 Edward Rubenstein Drive, Sandown, Sandton, 2196.



3. The Contravention

3.1. At all relevant times hereto the Micromega share was listed on the Johannesburg Stock Exchange, which is a regulated market as contemplated in section 77 of the FMA.

3.2. On 12 July 2013, the Respondent entered into the following open market transactions

Account name: W Friedland
Broker: Imara SP Reid (Pty) Ltd
Account number: 320572

Date	Time	Buy/Sell	Price (c)	Transaction Quantity	Transaction Amount (R)
12 July 2013	16:30:07	Buy	200	5 494	10 988
12 July 2013	16:33:14	Buy	213	100	213

3.3. The Respondent's dominant purpose with the transactions was to increase the Micromega share price from a price of 131cps to a price of 213cps.

3.4. The aforementioned transactions created an artificial price for the Micromega share.

3.5. In the circumstances as detailed above, the Respondent admits that he contravened Section 80(1)(a) of the FMA.

4. Mitigating Circumstances

The parties record that the following constitute mitigating circumstances which have been taken into consideration in this matter:



- 4.1. The Respondent has co-operated with the investigators and during the enforcement process, thereby saving resources and time of the Enforcement Committee;
- 4.2. The Respondent has not previously been found to have breached any provisions of the FMA by the Enforcement Committee;
- 4.3. The reference price of the Micromega share was 215cps on 12 July 2013 until a small single transaction caused the price to decrease to 131cps. The Respondent's transactions caused the Micromega share price to increase to 213cps, which was near the price at which the share had traded at during the preceding month;
- 4.4. The Respondent's transactions occurred on one day;
- 4.5. The Respondent has accepted responsibility for his actions and has shown deep remorse for having contravened the FMA.

5. The Agreed Penalties

- 5.1. The Respondent hereby tenders to pay a penalty of R10 000 (Ten thousand rand).
- 5.2. The Applicants have accepted the amount offered by the Respondent subject to approval by the Enforcement Committee.
- 5.3. Wherefore the parties humbly request that the honourable Enforcement Committee make the agreement an order as envisaged in section 6B (7) (b) of the FI Act.



6. Other Conditions

- 6.1. The parties acknowledge that this agreement is subject to the approval of the Enforcement Committee and the parties further specifically record that they are aware of the possibility that the Enforcement Committee may not accept the terms of this agreement. In such an event this agreement will be null and void and neither party will have any rights or obligations in terms hereof nor will this document be capable of being used in any proceedings against the Respondent in the future.
- 6.2. No leniency or postponement given by the DMA or the FSB to the Respondent or any amendment to the terms and conditions of this agreement will be binding unless such postponement, leniency or amendment is reduced to writing and signed by the parties.
- 6.3. The agreement constitutes the whole agreement between the parties in respect of the offer to pay an administrative penalty.
- 6.4. The parties select the addresses below as their *domicilium citandi et executandi* for the purposes of service of the Enforcement Committee order and for any notice or pleading related to a breach of this agreement. However the notice contemplated in terms of section 6E of the FI Act shall be delivered by electronic email. For the purpose of this agreement the parties' respective addresses shall be:

6.4.1. The Directorate of Market Abuse

c/o The Financial Services Board
Block B, Riverwalk Office Park
41 Matroosberg Road
Ashlea Gardens
Pretoria



6.4.2. The Respondent

28 Edward Rubenstein Drive
Sandown
Sandton
2196

By email: warrenfriedland@netactive.co.za

Signed at Pretoria on this the 28 day of November 2015.



**FOR AND ON BEHALF
OF THE APPLICANTS**

Signed at Sandton on this the 16th day of November 2015.



W FRIEDLAND