

PROPOSED AMENDMENTS TO THE JSE EQUITIES 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 deletions from the existing rules

Proposed amendments to the JSE Equities Rules

15.10 Dealings in Krugerrands

- 15.10.1 The provisions of the Act and the rules and directives which apply to transactions in equity securities, where applicable, apply also to transactions in Krugerrands.
- 15.10.2 Transactions in Krugerrands will be subject to the condition that no client will be entitled to claim or demand from a member Krugerrands which can be related to or identified with any specific transaction, nor may a client of a selling member insist that the Krugerrands it delivers must be delivered to a specific member in settlement of a particular transaction.
- 15.10.3 A contract note must be issued by a member to its client in respect of each transaction in Krugerrands.
- 15.10.4 Deliveries of Krugerrands must be effected directly between members on any business day of the new settlement period during the hours laid down in JSE directives. A purchasing member is not obliged to accept a part delivery in respect of a Krugerrand transaction.
- 15.10.5 When making delivery to the receiving member, the delivering member must affix its member's rubber stamp to and sign each of the two delivery slips produced by the **[BDA system]** delivering member in pursuance of the transaction. Upon acceptance of the Krugerrands, the receiving member must affix its member's rubber stamp to and countersign each of the two delivery slips, and retain one copy for its records. The deliverer's copy must be returned to the delivering member. Payment in respect of such deliveries must be effected **[either]** by **[bank cheque or]** the electronic transfer of funds as arranged between the delivering member and the receiving member.
- 15.10.6 Acceptance of delivery of coins by the member or client constitutes an acknowledgement by such member or client that the coins have been inspected and are genuine, provided that such release of responsibility in respect of Krugerrands held in safe custody will only become effective upon acceptance by a client of Krugerrands out of safekeeping. Upon such acceptance of delivery, payment must be made by the member to the seller. Where a client enters into an agreement with a member to hold the Krugerrands in safekeeping in terms of rule 15.10.8, the purchaser must pay the member against an acknowledgement by the member that the coins have so been placed in safekeeping.
- 15.10.7 Krugerrands purchased on behalf of clients, on coming into possession of a member, must be allocated in the member's records as soon as is practicable so as to establish the identity of the purchaser entitled thereto and, except in the case where an arrangement exists as envisaged in rule 15.10.8, must thereafter without delay be delivered, if they are fully paid for, or offered for delivery, if they are not fully paid for, to the purchaser or to his order.
- 15.10.8 Where a member and a client enter into an agreement which authorises such member to hold Krugerrands in safekeeping, on behalf of the client, the following provisions apply:
- 15.10.8.1 the arrangement must be recorded in a form of mandate which must contain the minimum requirements prescribed by the JSE unless such a mandate already exists in respect of certificated equity securities held in safekeeping in terms of rule 9.20;
- 15.10.8.2 the Krugerrands must be deposited by the member in a safe custody container with a banking institution or with a non-bank storage facility specialising in the safekeeping of valuable goods, including Krugerrands, or, alternatively, in a suitable container in the member's safe or in the member's safe in a strongroom;

15.10.8.3 the member must keep a register of each mandate and a safe custody ledger of the Krugerrands that are being held from time to time in terms of the mandates.

15.10.9 A member must record all transactions in Krugerrands in its books on the same basis as a record is maintained in respect of transactions in equity securities, save that it is not **[be]** obliged to enter coin movements in a securities scrip register but may use a separate register for that purpose.