

ZARX

Your share of tomorrow

Rules and Regulations

**“ Formal education will make you a living;
self-education will make you a fortune.”**

Jim Rohn



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Annexure N

EXCHANGE RULES

ZARX

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DEFINITIONS

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SECTION 1 INTERPRETATION

General principles of interpretation

- A1 In the Rules, the Procedures, the Enforcement Rules and the Enforcement Procedures (together the “ZAR X Rules and Procedures”), unless the context otherwise requires:
- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or any legislative provision substituted for, and any regulation or statutory instrument issued under, that legislation or legislative provision;
 - (b) a reference to the operating rules of the ZAR X Designated CSD, the ZAR X Designated CSDP, the Rules, the Procedures, the Enforcement Rules and the Enforcement Procedures is a reference to those operating rules, that rulebook, the rules or the procedures as modified or amended from time to time;
 - (c) the singular includes the plural and *vice versa*;
 - (d) a reference to a person, body, corporation, trust, partnership, unincorporated body, firm, association, authority or government includes any of them;
 - (e) a word denoting any gender includes all genders;
 - (f) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning;
 - (g) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
 - (h) a reference to power includes a reference to authority and discretion;
 - (i) a reference to a rule includes a reference to all sub-rules included under that rule;
 - (j) a reference to a section includes a reference to all rules and sub-rules within that section;
 - (k) a reference to any rule or procedure is a reference to that rule or procedure as amended from time to time;
 - (l) a reference to time is to the time in South Africa;
 - (m) a reference to currency is a reference to the currency of South Africa;
 - (n) a reference to writing includes typing, printing, lithography, photography, telex, facsimile or any other mode of representing or reproducing words in a visible form;
 - (o) where there is a reference to the power of ZAR X to make, demand or impose a requirement there is a corresponding obligation of the relevant Market Participant to comply with that demand or requirement in all respects;
 - (p) a reference to ZAR X notifying or giving notice to a Market Participant or vice-versa is a reference to notifying or giving notice in accordance with Rules 2700 to 2704 or Enforcement Rules 1.7.1 and 1.7.2 as applicable; and
 - (q) a reference to records includes any documents and any electronic records which ZAR X considers are relevant for the purposes of performing its functions under the Rules.

Headings and any Introductory Overview

- A2 Headings and any Introductory Overview at the beginning of each Section are for convenience of reference only and do not affect the interpretation of the ZAR X Rules and Procedures.

Regard to be had to purpose or object of rule

- A3 In the interpretation of the ZAR X Rules and Procedures, a construction that would promote the purpose or object underlying ZAR X Rules and Procedures (whether that purpose or object is expressly stated in the Rules or not) is to be preferred to a construction which would not promote that purpose or object.

Effect of amendment to rules and procedures

- A4 Unless expressly stated otherwise, where a ZAR X Rule or Procedures is:
- (a) amended;
 - (b) deleted; or
 - (c) lapses or otherwise ceases to have effect,
- that circumstance does not:
- (d) revive anything not in force or existing at the time at which that circumstance takes effect;
 - (e) affect the previous operations of that Rule or Procedure or anything done under that Rule or Procedure;
 - (f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Rule or Procedure;
 - (g) affect any penalty, forfeiture, suspension, expulsion or other enforcement action taken or incurred in respect of any breach of that Rule or Procedure; or
 - (h) affect any investigation, proceeding, enforcement process, appeal process, sanction or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or other enforcement action,
- and any such investigation, proceeding, enforcement process, appeal process, sanction or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or other enforcement action may be imposed as if the circumstance had not taken effect.

SECTION 2 DEFINITIONS

In the ZAR X Rules and Procedures, unless the context otherwise requires:

“Admission Requirements” means the requirements for admission as a Market Participant which are set out in Rules 1000 to 1120 inclusive.

“Alleged Minor Infringement Notice” means the notice referred to in Rule 2.4.1 of the ZAR X Appeals and Enforcement Rules.

“Anomalous Order Threshold” means the anomalous order threshold set out in Procedure 3200.

“Appeal Tribunal” means a tribunal convened in accordance with Rule 3.2 of the ZAR X Appeals and Enforcement Rules.

“Appeal Tribunal Panel” means the panel established in accordance with Rule 3.5.1 of the ZAR X Appeals and Enforcement Rules³

“Associate” has the same meaning as contained in section 67(1) of the FMA.

“Auction” means an auction conducted in the ZAR X Trading Platform in respect of Qualifying Bids or Offers pursuant to the following process:

- (a) the Priority Bid is paired with the Priority Offer so that either the Bid or the Offer is fully satisfied;
- (b) a new priority of Bids and Offers is established after deducting the quantity of ZAR X Securities paired under sub-paragraph (a);
- (c) the pairing and re-establishment of priority set out in paragraphs (a) and (b) is repeated until the Priority Bid is below the Priority Offer price;
- (d) all paired Bids and Offers are then matched at the Equilibrium Price;
- (e) where the highest Bid and lowest Offer prices respectively do not match or overlap, such Bids and Offers will not participate in the process outlined in paragraph (b); and
- (f) any Bids or Offers which have not been matched at the completion of the process described in paragraph (b) will be carried through to the next Session State.

“Authorised Investment Advisor” means the person appointed in terms of the Rules who is authorised by the Market Participant in terms of the Procedures to provide advice to clients in respect of ZAR X Securities and to manage ZAR X Securities on behalf of Clients.

“Authorised Trader” means the person appointed in terms of Rule 8503 who is authorised by the Market Participant in terms of the Procedures to enter Trading Messages into the ZAR X Trading Platform.

“Authorised User” has the same meaning as contained in section 1 of the FMA.

“Bid” means in relation to ZAR X Securities, a price and quantity of the ZAR X Securities to be purchased;

“Block Trade” means, in relation to ZAR X Securities, an Off Book Order effected pursuant to Procedure 4080 paragraph 2(a).

“Business Day” means a day other than:

- (a) a Saturday, Sunday, New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
- (b) any other day which ZAR X notifies Market Participants is not a Business Day.

“Category I License” means a license issued by the registrar of Financial Services Providers in terms of FAIS, authorising a Financial Services Provider to provide advice on a non-discretionary basis in respect of financial products.

“Category II License” means a license issued by the registrar of Financial Services Providers in terms of FAIS, authorising a Financial Services Provider to provide discretionary investment management services, that is, services of a discretionary nature as regards the choice of a particular financial product.

“Client Agreement” means an agreement between the Market Participant and its client entered into under Rule 8210 of the Rules.

“Central Order Book” means the order book of the ZAR X Trading Platform in which Trading Messages are automatically submitted for matching and execution.

“Central Securities Depository” or “CSD” has the same meaning as that contained in section 1 of the FMA.

“Client” means any person to whom a Market Participant provides Trading Services or Investments Services in respect of ZAR X Securities in terms of the Rules, and includes a person that acts as an agent for another person in relation to those services in which case it will include the agent and exclude the other person if the contractual arrangement between the parties indicates this to be the intention.

“Closed Session State” means the Session State of that name described in Appendix 4013, Part 1 to the Procedures.

“Companies Act” means the Companies Act, 2008 (Act No. 71 of 2008).

“Compliance Officer” means the person appointed in terms of Rule 1120 to assist the board of directors of the Market Participant in ensuring compliance by the Market participant with the Rules and Procedures.

“Controlling Shareholder” means a natural person and who:

- (a) directly or indirectly holds in excess of 15 percent of the issued shares of the applicant; or
- (b) directly or indirectly is able to control or control the exercise of 15 percent of the voting rights associated with the shares of the applicant;

“Corporate Action” means an action taken by an Issuer or any other entity or third party, which affects the registered owner and the beneficial owner of ZAR X Securities in terms of an entitlement.

“Crossing” means a transaction in respect of which a Market Participant acts:

- (c) on behalf of both buying and selling clients to that transaction; or
- (d) on behalf of a buying or selling client on one side of that transaction and as Principal on the other side.

“CSDP” means a person that has been accepted by a CSD as a Participant in that CSD.

“Dealing Dispute” has the meaning given in Rule 3220.

“determination” includes any decision of an interim nature.

“Direct Market Access” means an arrangement whereby a Market Participant permits either a client or an agent of the client to submit Trading Messages (to which the Market Participant's unique identifier is attached) directly into the ZAR X Trading Platform without the intervention of an Authorised Trader.

“Disclosed Portion” means that portion of an Iceberg Order which is disclosed to the Market by the ZAR X Trading Platform in accordance with Procedure 4041.

“Director” means a person appointed as a director of a Market Participant in terms of the Companies Act and who is in the full-time employ of the Market Participant.

“ECTA” means the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002).

“Eligible Purchaser” means a person that has been verified by an Issuer of ZAR X Securities (or an agent appointed by the Issuer to perform such verification) as complying with the beneficial ownership requirements prescribed by such Issuer.

“Employee” means an Officer, Authorised Trader, Authorised Investment Advisor or any other person, agent, representative, consultant or adviser of that Market Participant, or an independent contractor who acts for or by arrangement with a Market Participant, whose function relates to the provision of Trading Services or Investment Services.

“Enforcement Notice” means the notice referred to in Rule 2.5.1 of the ZAR X Appeals and Enforcement Rules.

“Enforcement Procedures” mean the Procedures of the ZAR-X Enforcement and Appeals Rulebook.

“Enforcement Rules” or “Enforcement Rulebook” means the ZAR-X Enforcement and Appeals Rulebook.

“Equilibrium Price” means, in relation to a ZAR X Security, the price calculated by applying the principles below (to each ZAR X Security) in the following order until a single price results:

- (a) maximum executable volume – this principle determines the price (or prices) at which the largest possible executable volume is achieved;
- (b) minimum surplus – this principle ascertains the price (or prices) at which the unfilled or unmatched quantity is at a minimum;
- (c) market pressure – this principle ascertains whether the result achieved under the previous principle exists on the buy or sell side of the market; and
- (d) reference price – this principle narrows the potential prices as calculated above and confirms one of the potential prices. Confirmation occurs by using either:
 - (i) the price of the last on-market trade for that day; or
 - (ii) if no on-market trades have occurred on the Trading Day, the official closing price from the previous Trading Day.

Where a confirmation cannot be achieved (as no on-market trades have ever occurred) the lowest of the narrowed potential prices will become the relevant price.

“Exchange” has the same meaning as that contained in section 1 of the FMA.

“External Exchange” has the same meaning as that contained in section 1 of the FMA.

“Extreme Trade Range” means the range set out in Procedure 3210.

“FAIS” means the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002).

“FICA” means the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001).

“Financial Services Provider” has the same meaning as that contained in section 1 of FAIS.

“FMA” means the Financial Markets Act, 2012 (Act No.19 of 2012).

“Iceberg Order” means a Bid or Offer entered into the ZAR X Trading Platform in accordance with Procedure 4041.

“In Price/Time Priority” means, in respect of Bids and Offers, in accordance with the following order:

- (a) Bids entered into the ZAR X Trading Platform are ranked from highest to lowest priced and Offers are ranked from lowest to highest priced;
- (b) Bids entered into the ZAR X Trading Platform are ranked above Bids entered later at the same price and Offers entered into the ZAR X Platform are ranked above Offers entered later at the same price; and
- (c) an Order withdrawn from the ZAR X Trading Platform loses its priority under (a) and (b) and, if re-entered, will be treated as a new Order.

“Investment Manager” means an entity whose primary business is to invest moneys and manage assets and other investments allocated to it by clients for that purpose.

“Investment Services” means:

- (a) exercising discretion in the management of ZAR X Authorised Investments on behalf of clients;
- (b) providing advice to a client in respect of ZAR X Authorised Investments;
- (c) executing transactions in ZAR X Authorised Investments; and
- (d) safeguarding ZAR X Authorised Investments other than ZAR X Securities.

“Issuer” has the same meaning as that contained in section 1 of the FMA.

“Key Individual” has the same meaning as that contained in section 1 of FAIS.

“Licensed Exchange” has the same meaning as that contained in section 1 of the FMA.

“Limit-On-Close Order” means a Limit Order to execute at the official closing price at the end of the day only if the official closing price is trading better than the limit price.

“Limit Order” means an Order for a set number of ZAR X Securities at a specified price or better which may be left open for a specified period of time.

“Listing Requirements” has the same meaning as that contained in section 1 of the FMA.

“Market-On-Close Order” means an Order to execute at the official closing price at the end of the day.

“Market Order” means an Order to execute immediately at the best available current price.

“Market Participant” means an applicant who has been admitted as a Market Participant under Section 1 of the Rules.

“Market Transaction” means a contract of purchase or sale of ZAR X Securities, executed through the ZAR X Trading Platform.

“Market” means the market for ZAR X Securities operated by ZAR X.

“Mid-Point” means a price which is the mid-point between the Bid and Offer for the relevant ZAR X Securities.

“No Correction Range” means the range set out in Procedure 3200.

“Non-Executive Director” means a person appointed as a director of a Market Participant in terms of the Companies Act who is not employed by the Market Participant.

“Off Book Order” means an Order that has been negotiated off the Central Order Book and manually submitted into the ZAR X Trading Platform for matching and execution in accordance with Rule 4080.

“Offer” means in relation to ZAR X Securities, a price and quantity of the ZAR X Securities to be sold.

“Officer” in relation to a Market Participant or authorised user includes any Director and the Compliance Officer.

“Official List” has the meaning given to that term in the ZAR X Listing Requirements.

“Open Interface” means the electronic protocol and message structure used to provide a mechanism for Market Participants to access the ZAR X Trading Platform which enables a Market Participant to submit Trading Messages.

“Open Interface Device” means a logical connection or session with the gateway using the Open Interface, and includes a session maintained by a Trader Workstation.

“Open Session State” means the Session State of that name described in Appendix 4013, Part 1 to the Procedures.

“Order” means an instruction to purchase or sell ZAR X Securities or an instruction to amend or cancel a prior instruction to purchase or sell ZAR X Securities.

“Operational Requirements” means the requirement set out in Rule 1510.

“Participant” has the same meaning as that contained in section 1 of the FMA.

“Portfolio Cross” means, in relation to ZAR X Securities, an Off Book Order effected pursuant to Procedure 4810 paragraph 2(c).

“Portfolio Transfer” means, in relation to ZAR X Securities, an Off Book Order effected pursuant to Procedure 4080 paragraph 2(b).

“Post Halt Auction Session State” means the Session State of that name described in Appendix 4013, Part 1 to the Procedures.

“Pre-Open Session State” means the Session State of that name described in Appendix 4013, Part 1 to the Procedures.

“Principal” means a Market Participant with Trading Permission to trade on its own behalf.

“Priority Bid” means, in relation to a set of Bids, the highest ranked Bid In Price/Time Priority.

“Priority Offer” means, in relation to a set of Offers, the highest ranked Offer In Price/Time Priority.

“Purge Orders Session State” means the Session State of that name described in Appendix 4013, Part 1 to the Procedures.

“Procedures” means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ZAR X and given where applicable to Market Participants in accordance with Rules 2020 to 2022 and, without limitation, includes the ZAR X Operating Procedures as amended from time to time.

“Professional Client” in relation to a Market Participant means:

- (a) another Authorised User;
- (b) a bank;
- (c) a long-term or short-term insurer registered as such under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998), respectively;
- (d) a person outside the Republic who:
 - (i) as a regular feature of the person’s business, renders a service similar to a “securities service” as defined in section 1 of the FMA or conducts the business of a bank or a business referred to in paragraph (c); and
 - (ii) is registered, licensed, recognised, approved or otherwise authorised to render the service or conduct the business referred to in paragraph (d)(i) by a foreign regulator with functions similar to those of the Registrar, the Registrar of Banks or the Registrar of Long-Term or Short-Term Insurance;
- (e) any person who is mandated to manage assets and who has confirmed to the satisfaction of the member that the market value of the assets managed by the person will exceed R1 billion at all times during the rendering of securities services to the person;
- (f) any other client, who has confirmed to the satisfaction of the member that they will have assets of which the net asset value will exceed R20 million at all times during the rendering of securities services to the client, but who is not:
 - (i) a natural person;
 - (ii) a pension fund organisation as defined in section 1 (1) of the Pension Funds Act, 1956 (Act No. 24 of 1956);
 - (iii) a friendly society referred to in the Friendly Societies Act, 1956 (Act No. 25 of 1956); and
 - (iv) a medical scheme as defined in section 1(1) of the Medical Schemes Act, 1998 (Act No. 131 of 1998).

“Qualifying Advisory License” means the holder of a Category I License which authorises the holder to provide advice in respect of the product categories set out in the Procedures.

“Qualifying Bid or Offer” means, in relation to an Auction, a Bid or Offer in the ZAR X Trading Platform at the commencement of the Auction.

“Qualifying Correction Range” means the range set out in Procedure 3200.

“Qualifying Discretionary Management License” means the holder of a Category II License which authorises the holder to provide advice and manage securities in respect of the product categories set out in the Procedures.

“Reciprocal Arrangement” means any agreement or arrangement between ZAR X and any governmental agency or regulatory authority (including, without limitation, another licensed exchange, CSDP or CSD) whose functions include the regulation of trading in, or clearing and settlement of Securities which provides for the disclosure of information between ZAR X and the other party in relation to dealings in, or clearing and settlement of Securities.

“Registrar” has the same meaning as that contained in section 1 of the FMA.

“Relevant Person” means any (as the context requires) of the following:

- (a) a Market Participant; or
- (b) an Employee.

“Representative” has the same meaning as that contained in section 1 of FAIS.

“Residual Amount” means the amount of an Iceberg Order that has not been matched from time to time.

“Restricted ZAR X Securities” means ZAR X Securities that may only be purchased or sold by an Eligible Purchaser.

“Rules” means the ZAR X Operating Rules.

“Securities” has the same meaning as that contained in section 1 of the FMA.

“Securities Services” has the same meaning as that contained in section 1 of the FMA.

“Segregated Depository Account” or “SDA” means a designated account opened in the name of a client with the ZAR X Designated CSD to record the number or nominal value of ZAR X Securities owned by the client, and to record all transactions and entries made in respect of such ZAR X Securities. This account is clearly segregated and distinguishable from an account of the ZAR X Designated CSDP.

“Session State” means, in respect of the ZAR X Trading Platform, a Session State specified by ZAR X during which trading will take place in accordance with the parameters specified by ZAR X. Unless otherwise specified the parameters specified in Appendix 4013, Part 1 to the Procedures will apply.

“Settle” has the same meaning as that contained in section 1 of the FMA.

“Settlement Rules” means the operating rules, procedures, practices, directions, decisions and requirements of the ZAR X Designated CSDP.

“Settlement Services” has the same meaning as that contained in section 1 of the FMA.

“Special Crossing” means a Crossing effected in accordance with Procedure 4045 (B).

“State of Emergency” means any of the following:

- (a) fire, power failure or restriction, communication breakdown, accident, flood, embargo, boycott, labour dispute, unavailability of data processing or any other computer system or facility, act of God;
- (b) act of war (whether declared or undeclared) or an outbreak or escalation of hostilities in any region of the world which in the opinion of ZAR X prevents or significantly hinders the operation of the market;
- (c) an act of terrorism; or
- (d) other events which, in the opinion of ZAR X prevents or significantly hinders the operation of the market.

“Stockbroker” has the same meaning as that contained in section 1 of the FMA.

“Stop Limit Order” means an Order that will be executed at a specified price or better after a given stop price has been reached. Once the stop price has been reached the Order becomes a Limit Order.

“Stop Order” means an Order to execute when the price surpasses a specified price. Once the specified price is reached the Order becomes a Market Order.

“Submission Notice” means the notice referred to in Rule 2.3.1 (c) of the ZAR X Enforcement and Appeals Rulebook;

“taking action” includes commencing or continuing any inquiry or investigation, holding any hearing or engaging in any procedure;

“Trading Day” means a day determined by ZAR X to be a Trading Day and notified to Market Participants.

“Trading Halt Session State” means the Session State of that name described in Appendix 4013, Part 1 to the Procedures.

“Trading Messages” means those messages submitted into the ZAR X Platform relating to trading functions, such as Orders, amendment or cancellation of Orders and the reporting or cancellation of Market Transactions on the ZAR X Trading Platform.

“Trading Permission” means the right to submit Trading Messages in the ZAR X Platform.

“Trading Services” means the execution of Market Transactions by a Market Participant for a Client.

“transaction” has the same meaning as that contained in section 1 of the FMA.

“Tribunal” means an Appeal Tribunal.

“Tribunal Panel” means the Appeal Tribunal Panel.

“Undisclosed Order” means a Bid or Offer in accordance with Rule 4042.

“Undisclosed Portion” means that portion of an Iceberg Order which is not disclosed to the Market by the ZAR X Platform.

“Unprofessional Conduct” includes:

- (a) conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or to practice the precepts of honesty or fair dealing in relation to other Market Participants, Clients or the general public;
- (b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach reasonable standards of competence and diligence; and
- (c) conduct which is, or could reasonably be considered as likely to be, prejudicial to the interests of ZAR X or other Market Participants,

by a Market Participant, or an Employee, whether in the conduct of the Market Participant’s business as a Market Participant or in the conduct of any other business, and need not involve a contravention of the Rules or any law.

“ZAR X” means ZAR X (Pty) Limited, a company duly registered and incorporated with limited liability in the Republic of South Africa under the Companies Act, licensed to operate an exchange under section 9 of the FMA.

“ZAR X Designated CSD” means the Central Securities Depository with whom a client must hold a Segregated Depository Account for the custody of ZAR X Securities.

“ZAR X Designated CSDP” means the CSDP specified in the Procedures that a Market Participant and a Client must appoint to perform Settlement Services in respect of transactions in ZAR X Securities executed through the ZAR X Trading Platform.

“ZAR X Issuer” means an Issuer who has been admitted to the Official List of ZAR X.

“ZAR X Listings Requirements” means the Listing Requirements of ZAR X.

“ZAR X Securities” means securities included in the Official List kept by ZAR X in terms of section 11 of the FMA and which ZAR X authorises for trading on the ZAR X Trading Platform.

“ZAR X Trading Platform” means a platform made available by ZAR X to Market Participants for the entry of Trading Messages, the matching of Orders and the reporting of transactions.



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OPERATING RULES

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SECTION 1

ACCESS TO THE MARKET

ADMISSION OF MARKET PARTICIPANTS

Authorisation by ZAR X

1000 ZAR X is an exchange licensed under section 9 of the FMA, which is authorised to provide for:

- (a) categories of authorised users;
- (b) requirements for admittance as authorised users;
- (c) the exclusion of authorised users; and
- (d) the requirements for authorised users to perform Securities Services.

1001 For the purposes of these rules an authorised user is referred to as a Market Participant.

1002 An applicant:

- (a) must apply for authorisation to perform Trading Services; and
- (b) may apply to perform Investment Services in respect of ZAR X Securities provided that the applicant:
 - (i) holds a Qualifying Advisory License or Qualifying Discretionary Management Licence; or
 - (ii) is authorised by an Exchange other than ZAR X to perform Investment Services; and
 - (iii) has also applied to perform Trading Services.

Admission requirements

1010 For an applicant to be eligible for admission as a Market Participant the applicant must:

- (a) lodge an application in the form prescribed by ZAR X as set out in the Procedures. The application must be accompanied by the prevailing application fee prescribed by ZAR X;
- (b) be a body corporate which is incorporated as a domestic company under the Companies Act;
- (c) satisfy ZAR X that:
 - (i) the applicant will maintain high business integrity as set out in Procedures;
 - (ii) its Officers and Non-Executive Directors comply with the Fit and Proper Requirements set out in the Procedures; and
 - (iii) any Controlling Shareholder complies with the Fit and Proper Requirements set out in the Procedures.
- (d) satisfy ZAR X, in the manner set out in the Procedures, that it has and will maintain organisational competencies which are adequate for the performance of its obligations as a Market Participant under these Rules;
- (e) satisfy ZAR X in the manner set out in the Procedures, that it has and will maintain organisational competencies sufficient to prevent any action or inaction which results in a market for a ZAR X Securities not being both fair and orderly;
- (f) satisfy ZAR X, in the manner set out in the Procedures, that it has and will maintain organisational competencies sufficient to prevent any action or inaction which interferes with the operational efficiency or proper functioning of the ZAR X Trading Platform;
- (g) satisfy ZAR X that it has in place and will maintain adequate clearing arrangements in accordance with the Rules;
- (h) appoint an external auditor who is registered with the Independent Regulatory Board for Auditors;
 - (i) appoint the ZAR X Designated CSDP for transactions in ZAR X Securities executed through the ZAR X Trading Platform; and
 - (j) acquire and maintain an operating email system for the purposes of receiving notices under these Rules;
- (k) appoint a compliance officer who complies with the requirements set out in Rule 1120;

Capital requirements

1020 For an applicant to be eligible for admission as a Market Participant the applicant must satisfy ZAR X that it has and will maintain the minimum Capital Requirement prescribed in the Procedure.

Waiver from admission requirements

1030 Notwithstanding the requirements for admission set out in Rules 1010 and 1020, where an applicant:

- (a) holds a Qualifying Advisory License or Qualifying Discretionary Management Licence; or
- (b) is authorised by a Licensed Exchange other than ZAR X,

the requirements set out in Rules 1010(c) to 1010(h), Rule 1010(k) and Rule 1020 are waived.

SPECIFIC CONDITIONS OF ADMISSION

Appointment of ZAR X Designated CSD and CSDP

1110 A Market Participant must appoint the ZAR X Designated CSDP identified in the Procedures to perform Settlement Services in respect of all Market Transactions.

1111 A Market Participant must ensure that a person who wishes to conduct a Market Transaction holds a Segregated Depository Account.

Appointment of a compliance officer

1120 A Market Participant must appoint a compliance officer to assist the board of directors of the Market Participant in ensuring compliance by the Market Participant with these Rules and Procedures. The person to be appointed as a compliance officer must comply with the requirements set out in the Procedures.

- 1121 A compliance officer must:
- (a) with the necessary support and guidance from the board of directors of the Market Participant, implement the resources, systems and procedures required to promote and monitor compliance by the Market Participant and its Employees with the FMA, the Rules and the Procedures;
 - (b) report to ZAR X: Markets any breaches by the Market Participant of the FMA, the Rules and the Procedures or any other issue considered by the compliance officer to be irregular; and
 - (c) ensure that the content of ZAR X notices are communicated to and understood by all relevant employees.
- 1123 The appointment referred to in Rule 1120 must be made simultaneously with an application to ZAR X to be admitted as a Market Participant.
- 1124 In the absence of a duly appointed Compliance Officer or where a compliance officer post has become vacant, a Director must temporarily assume the responsibilities of the Compliance Officer as referred to in Rules 1121, for no longer than two months or such other period as the Director: Markets, may approve.

TRADING

ZAR X Securities

- 1200 A Market Participant may apply for, and ZAR X may give to a Market Participant, a Trading Permission in respect of one or more ZAR X Securities if ZAR X considers it appropriate and is satisfied that the applicant will have in place and maintain adequate clearing arrangements for those ZAR X Securities and have the technical capacity and knowledge required to exercise the Trading Permission for those ZAR X Securities and will meet any other requirements set out in the Procedures.

ZAR X Trading Platform

- 1210 A Market Participant may apply for, and ZAR X may give to a Market Participant, Trading Permission in respect of one or more parts of the ZAR X Trading Platform if ZAR X considers it appropriate and is satisfied that the applicant will have in place and maintain the technical capacity and knowledge required to exercise the Trading Permission and will meet any other requirements set out in the Procedures.
- 1211 Trading Messages may only be entered into the ZAR X Trading Platform by an Authorised Trader appointed by the Market Participant. The person to be appointed as an Authorised Trader must comply with the requirements set out in the Procedures.

Direct Market Access

- 1220 A Market Participant may apply for and ZAR X may give to a Market Participant, Trading Permission to provide Direct Market Access ("DMA") if ZAR X considers it appropriate to give the Trading Permission and is satisfied that the Market Participant will have in place and maintain the required standards to exercise the Trading Permission and will meet any other requirements set out in the Procedures. Any Trading Messages submitted pursuant to this Trading Permission are considered to be submitted by the Market Participant.
- 1221 An application to ZAR X for Trading Permission to provide DMA shall be in the form prescribed by ZAR X from time to time in the Procedures.
- 1222 The decision as to whether to grant Trading Permission to a Market Participant to provide DMA is at the absolute discretion of ZAR X. ZAR X may grant or refuse Trading Permission without giving any reasons. ZAR X may at any time review and withdraw such Trading Permission.

WITHDRAWAL OF ADMISSION OR TRADING PERMISSION

Grant or withdrawal of admission or Trading Permission

- 1300 The decision as to whether to grant:
- (a) admission as a Market Participant;
 - (b) a Trading Permission to a Market Participant:
 - (i) in respect of any ZAR X Securities; or
 - (ii) to provide DMA;
 is at the absolute discretion of ZAR X.
- 1301 ZAR X may grant or refuse Trading Permission without giving any reasons.

Conditions

- 1310 When ZAR X admits a Market Participant and grants a Trading Permission it may at that time (or at any later time) impose any conditions on the admission or Trading Permission which it considers appropriate having regard to Rule 2120.

ALLOCATION OF UNIQUE IDENTIFIERS

- 1400 ZAR X will allocate one unique identifier to each:
- (a) Market Participant;
 - (b) Authorised Trader; and
 - (c) Open Interface Device.
- 1401 A Market Participant must allocate a unique identifier to each computer or other device which can connect to an Open Interface Device of a Market Participant.

ONGOING REQUIREMENTS

General Requirements

1500 A Market Participant must at all times comply with the following general requirements:

- (a) continue to satisfy the applicable Admission Requirements;
- (b) comply with any conditions imposed on a Market Participant under these Rules;
- (c) comply with the Rules, Procedures, directions, decisions and requirements of ZAR X;
- (d) comply with the provisions of FICA;
- (e) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except as expressly permitted by these rules or with the prior written approval of ZAR X; and
- (f) notify ZAR X of the matters set out in the Procedures in the time and manner set out in the Procedures.

Operational Requirements

1510 A Market Participant must at all times comply with the following Operational Requirements:

- (a) have and maintain the necessary organisational and technical resources and competencies to ensure that:
 - (i) Trading Messages submitted by the Market Participant do not interfere with the operational efficiency or proper functioning of the ZAR X Trading Platform; and
 - (ii) the Market Participant complies with the Rules, including any resources and competencies specified in the Procedures;
- (b) have arrangements in place so that at all times the Market Participant can determine the origin of all orders and Trading Messages including the matters specified in the Procedures;
- (c) maintain and enforce at all times appropriate security arrangements which are designed to prevent unauthorised entry of Trading Messages; and
- (d) maintain records of the matters set out in the Procedures for the time set out in the Procedures.

Insurance Requirements

1520 A Market Participant must satisfy ZAR X that it has in place and will maintain a professional indemnity (or equivalent) insurance policy that the Market Participant determines (acting reasonably) to be adequate having regard to the nature and extent of the business carried on by the Market Participant in connection with its business as Market Participant and the responsibilities and risks assumed or which may be assumed by the Market Participant in connection with that business. The professional indemnity (or equivalent) insurance must include insurance against a breach of duty the Market Participant owes in a professional capacity, whether owed in contract or otherwise at law, arising from any act or omission of the Market Participant and its Employees.

RESIGNATION AND TERMINATION OF A MARKET PARTICIPANT

Resignation

1600 If a Market Participant wishes to resign as a Market Participant, it must:

- (a) give at least 20 Business Days' written notice to ZAR X of its intention to resign and the proposed date of resignation;
- (b) satisfy ZAR X that it has taken, or will have taken before the proposed date of resignation, proper steps for the orderly winding down of its activities as a Market Participant which include ensuring without limitation that:
 - (i) all obligations to Clients have been met;
 - (ii) all obligations to the ZAR X Designated CSDP have been met; and
 - (iii) all obligations to ZAR X have been met.
- (c) comply with any reasonable direction of ZAR X in relation to the orderly winding down of its activities as a Market Participant.

1601 A notice given by a Market Participant under Rule 1600(a) is not effective until the notice is accepted by ZAR X in writing. ZAR X may accept a Market Participant's resignation when the Market Participant has complied with Rule 1600.

1602 ZAR X will not unreasonably refuse to accept a Market Participant's resignation given under Rule 1600.

1603 A Market Participant is bound by the Rules until ZAR X has accepted the Market Participant's resignation under Rule 1600 or until the Market Participant's admission is terminated under these Rules. A Market Participant's obligations under these Rules after resignation continue in accordance with Rules 5500 and 5501.

SECTION 2 GENERAL RULES

OPERATION OF RULES AND PROCEDURES

Application and effect of these Rules

2000 These Rules should be read in conjunction with:

- (a) the Procedures;
- (b) ZAR X Enforcement and Appeals Rulebook; and
- (c) the FMA.

To the extent of any inconsistency between these Rules and the Procedures, these Rules will prevail.

2001 These Rules are binding on ZAR X and Market Participants in the manner set out in:

- (a) section 17 of the FMA; and
- (b) Rule 2002.

2002 These Rules have the effect of a contract between ZAR X and Market Participants under which:

- (a) each Market Participant covenants with ZAR X and other Market Participants to observe the Rules and to perform the obligations which the Rules purport to impose on the Market Participant, in the manner provided by the Rules; or
- (b) ZAR X covenants with each Market Participant to observe the Rules and to perform the obligations which the Rules purport to impose on ZAR X, in the manner provided by the Rules.

2003 The ZAR X Enforcement and Appeals Rulebook form part of these Rules.

Inconsistency with the FMA

2010 If there is an inconsistency between the Rules and the FMA, these Rules will be read down to the extent of the inconsistency.

Procedures

2020 ZAR X may from time to time approve written Procedures relating to the operations of ZAR X and the Market, the conduct of Market Participants and the structure and operation of electronic communications between ZAR X and Market Participants.

2021 The Procedures do not form part of these Rules. However, if a Rule requires a person to comply with any part of the Procedures, failure by the person to comply with that part of the Procedures is a contravention of the Rule.

2022 ZAR X may approve changes to the Procedures from time to time and must notify Market Participants of any changes to the Procedures.

Waiver

2030 ZAR X may relieve any person or class of person from the obligation to comply with a provision (other than an indemnity or disclaimer provision) of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ZAR X thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ZAR X may withdraw a waiver at any time. Any request by Market Participant for a waiver under this Rule 2030 must be in writing.

2031 Failure to comply with a condition imposed under Rule 2030 is a contravention of that Rule.

2032 ZAR X may specify a period or specific event during which any relief under Rule 2030 may apply, in which case such relief is limited to such period or event.

2033 ZAR X must establish and maintain a register for recording details of relief granted under Rule 2030 in accordance with the Procedures.

2034 A failure by ZAR X to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.

EXERCISE OF ZAR X POWERS

Exercise and delegation of functions and powers

2100 Unless the contrary intention appears, powers conferred on ZAR X by or under these Rules may be exercised by resolution of the board of ZAR X or by any authorised delegate of ZAR X.

2101 Unless the contrary intention appears, ZAR X may delegate, either generally or as otherwise provided by the terms of delegation, any of the powers and functions of ZAR X to any officer or employee of a person carrying out functions for or on behalf of ZAR X.

2102 Where ZAR X delegates any of its powers or functions to one or more officers or persons in accordance with Rule 2101, those delegates may sub-delegate such of the delegated powers as ZAR X approves from time to time.

2103 If any power or function is delegated:

- (a) performance or exercise by the delegate of the power or function is taken to be performance or exercise by ZAR X, as the case requires;
- (b) the delegation does not prevent the performance or exercise of the power or function by ZAR X, as the case requires; and
- (c) where the performance or exercise depends upon the opinion, belief or state of mind of ZAR X, as the case requires, the power or function may be performed or exercised by the delegate upon the opinion, belief or state of mind of the delegate.

Multiple actions

- 2110 Any action taken or not taken by ZAR X under any Rule does not restrict ZAR X or prohibit ZAR X from taking any other action under, or enforcing:
- (a) the same Rule (including in respect of more than one person); or
 - (b) any other Rule,
- even if that action or enforcement relates to the same or substantially the same facts or conduct.

Reference to ZAR X exercising discretion where it considers it “appropriate”

- 2120 Where a Rule provides that ZAR X may act in a manner which it considers “appropriate”, when deciding whether or not to act, and how to act, ZAR X will have regard to the obligations, duties, powers and discretions which ZAR X has as the holder of, or in connection with, the holding of an exchange licence issued under section 9 of the FMA.

Defects, irregularities and deficiencies

- 2130 A decision, resolution, proceeding or act of ZAR X under these Rules is not invalidated by any:
- (a) defect;
 - (b) irregularity; or
 - (c) deficiency,
- of notice or time unless:
- (d) Market Participant concerned by the defect, irregularity or deficiency requests ZAR X to resolve that the decision, resolution, proceeding or act is invalid;
 - (e) ZAR X reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
 - (f) ZAR X accordingly resolves that the decision, resolution, proceeding or act is invalid.
- 2131 An action or inaction by ZAR X under the Rules may not be challenged on the ground that a Rule, Procedure, direction, decision or requirement of ZAR X, or any agreement made by ZAR X, is *ultra vires* ZAR X or otherwise invalid.
- 2132 If any of the provisions of the Rules or the Procedures becomes at any time illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions of the Rules and the Procedures, and the legality, validity or enforceability of the provision under the law of any other jurisdiction is not affected or impaired in any way.

FEES, LEVIES, DUTIES AND TAXES

Fees and other charges

- 2200 ZAR X may determine fees to be paid by Market Participants in connection with the admission of Market Participants, including access to and use of trading facilities, ZAR X’s monitoring and enforcement functions, its facilities and any other services operated or provided by ZAR X in connection with these Rules as set out in the Procedures. The fees, and any change to those fees, will take effect from the time notified by ZAR X to Market Participants.
- 2201 ZAR X may impose additional fees where a Market Participant has failed to pay a fee determined under Rule 2200 by the time specified or to perform an obligation under these Rules by the time required under these Rules.
- 2202 A Market Participant must pay the fees determined under Rule 2200 (and any late fees imposed under Rule 2201 by the times and in the manner determined by ZAR X and notified to Market Participants).
- 2203 If any Market Participant fails to pay any levy, fee or any sum of money (in this Rule 2203 to 2204, a “sum”) for which it is liable to ZAR X within 30 days from the time when such sum became payable, the amount of such sum will carry interest at the Prime Rate as quoted by First National Bank plus 5 percentage points calculated from the time when such sum became payable until receipt of such sum.
- 2204 If any Market Participant fails to pay a sum within 60 days from the time when such sum became payable the admission and Trading Permission of the Market Participant may be provisionally terminated in terms of Rule 5160.

Duties and taxes

- 2210 A Market Participant is liable for all fees, duties, levies and taxes, imposed by any other regulatory or tax authority which may be payable in respect of any:
- (a) Market Transaction;
 - (b) transaction between the Market Participant and ZAR X;
 - (c) services provided by ZAR X to the Market Participant; or
 - (d) documents lodged by it with, or issued to it by, ZAR X in connection with the conduct of the Market Participant’s business with ZAR X.

Each Market Participant indemnifies ZAR X against all liability for payment of those duties or taxes. ZAR X may debit any account of the Market Participant with it by the amount of any duties or taxes payable by the Market Participant.

Imposition of levies

- 2220 ZAR X may, in addition to the subscriptions, fees and charges prescribed by the Rules, impose upon every Market Participant, a levy which must be paid to ZAR X or any of its funds on such conditions as ZAR X may decide and as set out in the Procedures.
- 2221 In circumstances as determined by ZAR X, Market Participant may recover such levy from the Clients of the Market Participant.

Publication of prices

- 2230 The publication and distribution of prices for ZAR X Securities are the prerogative of ZAR X and are effected in such manner as ZAR X deems fit.
- 2231 ZAR X may enter into such agreements for the publication and distribution of prices as it deems necessary.
- 2232 Save with the consent of ZAR X, no Market Participant may report prices to persons other than Clients of such Market Participant.

PERSONS ACTING FOR A MARKET PARTICIPANT

Responsibility for individuals involved in business

- 2300 A Market Participant is responsible for all actions and omissions of its Employees.

Authorised Signatories

- 2310 A Market Participant must submit to ZAR X, in the manner and form set out in the Procedures, details of persons who are authorised by the Market Participant to sign documentation and to deal with trading issues in connection with the operation of its business as Market Participant.
- 2311 A Market Participant must promptly notify ZAR X in writing if any of the persons whose names are submitted under Rule 2310 cease to be authorised by the Market Participant to sign the relevant documentation or to deal with trading issues or if any new person is given that authority.
- 2312 ZAR X is entitled to rely on the list referred to in Rule 2310 as updated from time to time under Rule 2311 as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Market Participant documentation presented to ZAR X or to deal with trading issues in connection with the operation of its business as Market Participant.
- 2313 Nothing in Rules 2310 to 2312 limits the persons whom ZAR X is entitled to assume are authorised by the Market Participant to sign documentation and to deal with trading issues in connection with the operation of its business as Market Participant.

COMPENSATION ARRANGEMENTS

ZAR X Guarantee Fund

- 2400 ZAR X shall establish and maintain, to the satisfaction of the Registrar, a Guarantee Fund ("ZAR X Guarantee Fund") out of which shall be paid claims up to an amount specified in the rules of such fund in respect of liabilities arising prior to the default of a Market Participant. Such payment shall be limited to claims arising out of transactions in ZAR X Securities with or on behalf of other persons by such Market Participant executed through the ZAR X Trading Platform and such other liabilities as may be specified in the rules of the ZAR X Guarantee Fund and shall be subject to any defences which the defaulting Market Participant may have against a claimant;
- 2401 ZAR X shall determine a levy to be payable by every Market Participant to the ZAR X Guarantee Fund on all transactions in ZAR X Securities as provided for in Rule 2220.
- 2402 Where Market Participant has effected a transaction on behalf of a buyer or seller of ZAR X Securities, such Market Participant may recover the levy imposed in terms of Rule 2401 from such buyer or seller.
- 2403 The trustees of the ZAR X Guarantee Fund, in their capacity as trustees, acquire, incur and administer the assets and liabilities of ZAR X Guarantee Fund.
- 2404 The income of the ZAR X Guarantee Fund, including but not limited to, levy contributions by Market Participants, vests in the trustees and is administered by the trustees as part of the ZAR X Guarantee Fund.

RECORDS, INFORMATION, RETURNS AND RECORDINGS

Requirements for records and information

- 2500 All records which a Market Participant is required to maintain under the Rules must be kept in a manner or format as set out in the Procedures.
- 2501 Where documentation or information is provided or made available by or on behalf of Market Participant in a language other than English or in a form that is not readily accessible by ZAR X, the Market Participant indemnifies ZAR X against any costs and expenses ZAR X incurs in connection with translating that documentation or information into English and obtaining access to that documentation or information.
- 2502 A Market Participant is not entitled to the return of any particulars, notices or any other documentation lodged with ZAR X under the Rules but a Market Participant may, upon giving 24 hours' notice to ZAR X as applicable, inspect and make copies, at the Market Participant's cost, of those particulars, notices or other documentation in respect of dealings by that Market Participant with ZAR X. The Market Participant must pay the costs, if any, of ZAR X as applicable of making available to the Market Participant those particulars, notices or documentation.
- 2503 A Market Participant must ensure that all information which the Market Participant or its Employees give to ZAR X is complete, accurate and not misleading. If the Market Participant becomes aware that information which it, or its Employees, have given previously to ZAR X was incomplete, inaccurate or misleading, the Market Participant must promptly notify ZAR X in writing.

Returns and reports

- 2510 Where a Market Participant is required by ZAR X under these Rules to prepare or submit a return or report:
- (a) the Market Participant must prepare or submit that return or report in the manner and form and by the time specified in the Rule or otherwise required by ZAR X;
 - (b) the Market Participant must ensure that the information contained in the return or report is extracted accurately from the records of the Market Participant; and

- (c) ZAR X may require a director of the Market Participant to certify that paragraphs (a) and (b) have been complied with.

Disclosure of information

- 2520 ZAR X may, where it considers it appropriate in accordance with Rule 2120, disclose information regarding Market Participants and their activities that are relevant to ZAR X to:
- (a) the FSB;
 - (b) the ZAR X Designated CSDP;
 - (c) the ZAR X Designated CSD;
 - (d) another Licensed Exchange or External Exchange; or
 - (e) any governmental agency or other regulatory authority.
- 2521 ZAR X will take all reasonable measures to protect from unauthorised use or disclosure information provided to it in confidence by or on behalf of a Market Participant pursuant to the Rules. For the purposes of this Rule the disclosure of information including Client level information in the following circumstances does not constitute unauthorised use or disclosure:
- (a) pursuant to a Reciprocal Arrangement;
 - (b) required to be disclosed by ZAR X under any law or any order of any court or tribunal, authority or regulatory body;
 - (c) which at the time of disclosure to or by ZAR X, was generally available to and known by the public;
 - (d) for the purposes of monitoring compliance with, or the enforcement of, the Rules or the adjudication of those matters (including, without limitation, to the Appeal Tribunal);
 - (e) to the ZAR X Designated CSDP or the ZAR X Designated CSD for the purpose of enabling the ZAR X Designated CSDP or the ZAR X Designated CSD to assess whether the Market Participant is complying with, will comply with or has complied with ZAR X Designated CSDP or the ZAR X Designated CSD operating rules or procedures;
 - (f) to any governmental agency or regulatory authority including, without limitation, another Licensed Exchange which requests ZAR X to provide the information to it, in the proper exercise of its powers;
 - (g) any entity which provides financial backing or insurance to ZAR X for the purpose of enabling that entity to assess the risk to ZAR X or that entity from trading activities generally or to assess any claim made in connection with the Market Participant's activities.
- 2522 ZAR X will take all reasonable measures to protect from unauthorised use or disclosure information provided to it in confidence by or on behalf of an operator of a disputes or complaints resolution scheme or similar scheme to which Market Participant is a party. For the purposes of this Rule the disclosure of information by ZAR X to any of the entities or in any of the circumstances set out in Rules 2520 and 2521, will not be an unauthorised use or disclosure.
- 2523 ZAR X may disclose to the operator of a disputes or complaints resolution scheme, or similar scheme to which a Market Participant is a party, such information relating to the Market Participant as ZAR X has and which it considers relevant to a request for information from the operator or to some other aspect of a complaint involving the Market Participant.
- 2524 ZAR X may only disclose information under Rule 2523 on condition that the operator of the disputes or complaints resolution scheme agrees to maintain the confidentiality of the information except that the operator may disclose the information:
- (a) if required by law or in court proceedings;
 - (b) if required for the purpose for which ZAR X has given it the information;
 - (c) if a government authority or agency has requested the information; or
 - (d) if the information is already generally available at the time the operator discloses the information.

Recording by ZAR X

- 2530 ZAR X and each Market Participant may record all telephone conversations conducted between ZAR X and the Market Participant.

INDEMNITIES AND DISCLAIMERS

- 2600 Subject to Rule 2601, ZAR X is not liable to any Market Participant or any Market Participant's Clients for any direct, indirect or consequential loss, damage or expense (including legal costs) arising in any way out of:
- (a) the supply (or the failure to supply or any delay in supplying) of trading services in respect of Market Transactions including, without limitation, generation of trading information and production of documentation relating to a Market Participant or its Clients;
 - (b) any negligent conduct or omission of ZAR X including, without limitation, any systems malfunctions, systems failure, error in programming or error in input data in relation to any computer used or otherwise;
 - (c) any implied warranties in relation to the supply of services set out in Rule 2600(a) by ZAR X;
 - (d) the exercise by ZAR X of a decision making power under the Rules.
- 2601 ZAR X excludes under Rule 2600 conditions and warranties implied by statute, general law or custom except any implied condition or warranty the exclusion or limitation of which would contravene any statute or cause any part of Rules 2600 to be void ("Non-Excludable Condition").
- 2602 The liability of ZAR X under any Non-Excludable Condition may be limited in the discretion of ZAR X respectively to:
- (a) in the case of services, the supply of the relevant services again or payment of the costs of having the relevant services supplied again; and
 - (b) in the case of goods, the repair or replacement of those goods or the payment of the cost of having the goods repaired or replaced.
- 2603 Where a Rule excludes or limits the liability of ZAR X, releases ZAR X from liability, or provides for an indemnity in favour of ZAR X, then to the extent permitted by law, that exclusion, limitation, release or indemnity (as applicable) extends to every Employee, agent,

delegate, person acting for or on behalf of ZAR X or contractor of ZAR X as if a reference in that Rule to ZAR X included a reference to each of them.

2604 The benefit of any limitation, exclusion, release or indemnity in favour of any person other than ZAR X under Rule 2603 is held by ZAR X for the benefit of those other persons and ZAR X may enforce that benefit on their behalf.

MISCELLANEOUS

Notice, notification and service of documents

2700 If any Rule requires or permits the giving of notice of any matters to any person, the Rule requires or permits the giving to that person of a written document containing those matters.

2701 Without limiting any other provision of Rules 2700 to 2704, any notice to be given by Market Participant to ZAR X must be given to the person holding the position notified by ZAR X to Market Participants and may be given in the manner set out in the Procedures. Any notice to be given by ZAR X to a person, firm or corporation may be given in the manner set out in the Procedures.

2702 For the purposes of any Rule that requires or permits a document to be given to a person, whether the expression 'serve', 'give' or 'send' or any other expression is used, the document may be given, and will be taken to have been received, at the time and in the manner set out in the Procedures. Nothing in this Rule 2702 or the Procedures prevents documents being sent or given to, or served on, a person in any other manner required or permitted by law.

2703 A Market Participant must acquire and maintain an operating email system for the purposes of receiving notices under the Rules and Procedures.

2704 If under these Rules ZAR X is to give notice to some or all Market Participants, accidental omission by ZAR X to give notice to one or more Market Participants does not affect the validity or enforceability of any resolution, decision, proceeding or act in connection with which the notice was to be given.

Governing law and submission to jurisdiction

2710 All contracts or agreements between ZAR X and Market Participant which are constituted by the Rules or entered into under the Rules or as contemplated by the Rules are governed by the laws of the Republic of South Africa.

2711 ZAR X and each party to a contract or agreement referred to in Rule 2710 irrevocably and unconditionally:

- (a) submit to the exclusive jurisdiction of the South Gauteng High Court, the Republic of South Africa and courts of appeal from them;
- (b) waive any immunity from any action in the courts exercising any jurisdiction in the Republic of South Africa; and
- (c) waive any right they have to object to any action being brought in those courts, including, without limitation, by claiming that the action has been brought in an inconvenient forum or that the South Gauteng High Court, the Republic of South Africa does not have jurisdiction.

SECTION 3

TRADING RULES

GENERAL OBLIGATIONS

Transactions

- 3000 A Market Participant shall transact its business in a just and equitable manner and every transaction, whether for the account of the Market Participant effecting it or for the account of a Client, must be fulfilled according to the FMA, the Rules and the Procedures.
- 3001 A Market Participant represents and warrants to ZAR X and to persons with or on behalf of whom the Market Participant executes transactions in ZAR X Securities, that any person employed by the Market Participant to deal with such persons in relation to such transactions, has full authority to act on the Market Participant's behalf.
- 3002 A Market Participant is responsible for the accuracy of details, the integrity and bona fides of all Trading Messages that are submitted containing their unique identifier, regardless of the method by which the Trading Message is submitted.
- 3003 If a Trading Message embedded with a Market Participant's unique identifier is submitted, the Trading Message is taken for all purposes under these Rules to have been submitted in the ZAR X Trading Platform by or with the knowledge of the Market Participant and the Market Participant is responsible for that message.
- 3004 Market Transactions must be conducted in accordance with these Rules except as otherwise permitted in these Rules or permitted in writing by ZAR X.

ORDERLY TRADING

Fair and orderly markets

- 3100 ZAR X may take any action it considers necessary to ensure that a market for one or more ZAR X Securities is fair, orderly and transparent, including, without limitation:
- (a) pausing, suspending, halting or closing trading in one or more ZAR X Securities at any time and for any period of time;
 - (b) correcting any Market Transaction;
 - (c) reducing or extending the hours of operation of the ZAR X Trading Platform for any particular day;
 - (d) directing any Market Participant to take, or not to take, a specified action in connection with the affected Market;
 - (e) modifying or restricting access to the ZAR X Trading Platform by one or more Market Participants;
 - (f) taking, or refraining from taking, any other action which ZAR X considers is appropriate having regard to Rule 2120;
 - (g) requesting the ZAR X Designated CSDP to exercise its powers relating to the situation or practice; and
 - (h) directing that ZAR X Securities be offered or settled at a price other than that provided for by the Rules, in such manner and on such conditions as it may determine.
- 3101 A Market Participant must:
- (a) not do anything which results in a Market for ZAR X Securities not being both fair and orderly, or fail to do anything where failure has that effect;
 - (b) not take advantage of a situation arising as a result of a breakdown or malfunction in ZAR X's procedures or systems or an error in any Trading Message submitted by ZAR X; and
 - (c) ensure that a representative of the Market Participant is available to receive communications from other Market Participants or from ZAR X during the Trading Day.

Technical failure

- 3110 Without limiting ZAR X's powers under Rule 3130, if access to the ZAR X Trading Platform is affected because of a systems or communication failure ZAR X may:
- (a) suspend or restrict trading in one or more ZAR X Securities at any time and for any period of time;
 - (b) take any other steps which it considers appropriate having regard to Rule 2120.
- The Procedures may set out further consequences of a suspension or restriction under this Rule and any further steps prior to the resumption of trading.
- 3111 A Market Participant must notify ZAR X as soon as practicable, by the means set out in the Procedures, if it is unable to transmit or receive Trading Messages due to a systems or communication failure other than due to an action taken by ZAR X pursuant to these Rules. The Procedures may set out further steps to be taken by the Market Participant after notifying ZAR X.
- 3112 If the ZAR X Trading Platform registers that a Market Participant is no longer able to transmit Trading Messages because of a systems or communications failure or the Market Participant has notified ZAR X under Rule 3111:
- (a) ZAR X may cancel in the ZAR X Trading Platform all Orders of the Market Participant unless, before correction is effected, the Market Participant has requested ZAR X not to effect the correction; and
 - (b) the Market Participant may request ZAR X, on a reasonable endeavours basis, to cancel orders in the ZAR X Trading Platform on the Market Participant's behalf.
- 3113 In relation to any action taken or failure to take action by ZAR X (or its Employees, agents, delegates or contractors) under Rule 3112:
- (a) the Market Participant agrees that ZAR X has no liability for activities conducted on behalf of Market Participant;
 - (b) the Market Participant indemnifies and will keep indemnified ZAR X against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ZAR X.

Communications with the ZAR X Trading Platform

3120 If ZAR X reasonably believes there is some fact or matter which may impair the ability of a Market Participant to communicate Trading Messages reliably with the ZAR X Trading Platform or to correctly process those Trading Messages, ZAR X may on reasonable notice require the Market Participant to undertake testing as specified by ZAR X.

3121 If the testing referred to in Rule 3120:

- (a) has been completed and ZAR X continues to reasonably believe there is some fact or matter which may impair the ability of Market Participant to communicate Trading Messages reliably with the ZAR X Trading Platform or to correctly process those Trading Messages; or
- (b) is not completed within the time specified by ZAR X;

ZAR X may immediately take any steps which it considers appropriate having regard to Rule 2120 including any steps specified in the Procedures. ZAR X must immediately notify Market Participant of any steps taken.

Efficiency and proper functioning of Market or ZAR X Trading Platform

3130 ZAR X may take any action it considers appropriate, having regard to Rule 2120, to maintain the operational efficiency and proper functioning of a Market or ZAR X Trading Platform. That action may include, without limitation:

- (a) suspending Trading Permission of a Market Participant whose actions have, in the opinion of ZAR X, adversely impacted on the operational efficiency or proper functioning of a Market or the ZAR X Trading Platform;
- (b) modifying the access to, or the functioning of the ZAR X Trading Platform in respect of that Market Participant; or
- (c) suspending or modifying the operation of the ZAR X Trading Platform generally.

If ZAR X takes action under this rule in relation to Market Participant referred to in (a) or (b) or Market Participants generally, ZAR X must notify the Market Participant concerned or Market Participants generally, as applicable, as soon as reasonably practicable.

State of Emergency

3140 If ZAR X determines that a State of Emergency exists, it may do any or all of the following:

- (a) suspend trading in one or more ZAR X Securities or the ZAR X Trading Platform at any time and for any period of time;
- (b) direct Market Participants to take, or refrain from taking, a specified action in connection with the affected ZAR X Securities or the ZAR X Trading Platform;
- (c) take, or refrain from taking, any other action which ZAR X considers is appropriate having regard to Rule 2120; and
- (d) request the ZAR X Designated CSDP to exercise its powers relating to emergencies.

CORRECTIONS, DEALING DISPUTES AND ANOMALOUS ORDER THRESHOLD

Request for correction

3200 If a Market Participant submits an Order incorrectly which is subsequently executed, and the Market Participant wants that trade to be considered for correction, it must submit a request to ZAR X to obtain the consent of the counterparty to correct the trade if certain conditions specified in the Procedures are met. If the conditions are met ZAR X will correct the trade.

ZAR X Correction of Trades in the Extreme Trade Range

3210 ZAR X will, subject to the exceptions specified in the Procedures, undertake an enforced correction of trades in the Extreme Trade Range on such conditions as specified in the Procedures.

Dealing disputes

3220 A Market Participant may notify ZAR X if it believes another Market Participant has executed a trade in the Qualifying Correction Range (a "Dealing Dispute"). ZAR X will promptly consider whether Rule 3210 applies to the situation and commence the process under that Rule.

Appeal of Decisions of ZAR X

3230 If a Market Participant is dissatisfied with the actions taken by ZAR X under Rules 3200 to 3220 the Market Participant may appeal to the Appeal Tribunal in accordance with the provisions of the ZAR X Enforcement and Appeals Rulebook.

ZAR X Power not limited

3240 Nothing in Rules 3200 to 3220 limits or precludes ZAR X exercising its powers under Rule 3100 to Rule 3140 in relation to circumstances which are covered by Rules 3200 to 3220.

3241 Nothing in Rules 3200 to 3220 precludes ZAR X from taking any other action which it is permitted to take under these Rules in connection with the circumstances giving rise to the Dealing Dispute including, without limitation, the taking of enforcement action or exercising any power under ZAR X Enforcement and Appeals Rulebook.

Correction on Default of a Market Participant

3250 ZAR X may, on the default of a Market Participant under Rule 10000, correct a Market Transaction. ZAR X will notify the other Market Participant which was party to that Market Transaction of that correction, and may include in such notification its reasons for taking that action.

No liability of ZAR X

3260 Without limiting Rules 2600 to 2602 or the provisions set out in Section 72 of the FMA, none of ZAR X, its Employees, agents or contractors are liable to Market Participant or any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the *bona fide* exercise of any power, right or discretion conferred upon ZAR X by Rules 3200 to 3220.

TRADING OF ZAR X SECURITIES

Suspensions and trading halts

3300 If ZAR X Securities are suspended from quotation or trading, the Market for those ZAR X Securities will be suspended and the ZAR X Securities can only be traded with the written permission of ZAR X. At the termination of the period of suspension trading will proceed as specified in the Procedures.

3301 A trading halt may be imposed by ZAR X in respect of ZAR X Securities if:

- (a) ZAR X receives or releases an announcement in relation to an Issuer which, in the opinion of ZAR X, is market sensitive; or
- (b) an Issuer requests a trading halt and ZAR X agrees to impose a trading halt.
- (c) ZAR X determines that the trading activity in ZAR X Securities:
 - (i) is being or could be undertaken by persons possessing unpublished price-sensitive information that relates to that security;
 - (ii) is being influenced by a manipulative or deceptive trading practice; or
 - (iii) may otherwise give rise to an artificial price for the ZAR X Securities.

3302 ZAR X Securities that are the subject of a trading halt must not be traded during the period of a trading halt. The way that ZAR X Securities are dealt with during and at the end of a trading halt is specified in the Procedures.

REPORTING

3400 A Market Participant does not have to report a Market Transaction executed automatically through the Central Order Book of the ZAR X Trading Platform in accordance with the Rules and Procedures.

3401 A Market Participant must report to ZAR X, in the time and manner set out in the Procedures, all Off Book Orders effected by the Market Participant through the ZAR X Trading Platform.

CONTRACT NOTES

3500 In respect of a transaction in ZAR X Securities executed through the ZAR X Trading Platform on behalf of or with a Client, Market Participant shall, before 12:00 on the business day following the transaction:

- (a) issue to the Client a contract note; or
- (b) transmit to the Client via electronic means acceptable to ZAR X, a confirmation of the transaction.

3501 The contract note or electronic confirmation referred to in Rule 3500 shall disclose:

- (a) the date and time of the transaction;
- (b) the identification number of the transaction;
- (c) the amount and nature of the Market Participant's charges in connection with the transaction;
- (d) the price at which the transaction was executed and the total consideration due from or to a Client;
- (e) the settlement date of the transaction; and
- (f) whether the Market Participant acted as an agent or as a Principal in the transaction.

SECTION 4

EXECUTION, QUOTE DISPLAY AND REPORTING SERVICES

GENERAL RULES RELATING TO THE ZAR X TRADING PLATFORM

General

- 4000 The ZAR X Trading Platform is operated by ZAR X and consists of the following parts:
- (a) ZAR X Securities
 - (b) any other part as may be specified in the Procedures;
- 4001 Subject to Rule 3301, the ZAR X Trading Platform will operate on every Business Day at the times specified in the Procedures.

Session States

- 4010 ZAR X may place the ZAR X Trading Platform into a Session State with respect to trading in one or more ZAR X Securities. Without limiting the generality of this provision, ZAR X may place the ZAR X Trading Platform into different Session States with respect to trading in different ZAR X Securities at the same time.
- 4011 ZAR X will use reasonable endeavours to notify Market Participants (by message or code displayed in the ZAR X Trading Platform or in such other reasonable manner as ZAR X considers appropriate) which Session State is in force in respect of trading in a particular ZAR X Securities at all times during which the ZAR X Trading Platform is operating in respect of such ZAR X Securities.
- 4012 Market Participants acknowledge that entry and maintenance of Trading Messages and dealing in ZAR X Trading Platform will occur subject to the parameters in respect of the Session State in force in respect of the relevant ZAR X Securities from time to time.
- 4013 The parameters applicable during particular Session States are set out in the Procedures. Unless ZAR X notifies Market Participants otherwise (by message or code displayed in the ZAR X Trading Platform or such other means as ZAR X considers appropriate), Session States shall apply in respect to trading in the ZAR X Trading Platform in ZAR X Securities at the times set out in the Procedures.

Quotation

- 4020 ZAR X Securities will be quoted on the central order book of the ZAR X Trading Platform.
- 4021 ZAR X may quote ZAR X Securities so as to reflect or take account of Corporate Actions in respect of the ZAR X Securities. The Procedures may set out how ZAR X may quote ZAR X Securities in specified circumstances.
- 4022 All Transactions will be entered into and executed on the basis upon which the relevant ZAR X Securities are quoted at the time of entry into the Transaction in accordance with the process specified in the Procedures.

Permitted Order types

- 4030 The Order types that a Market Participant may enter into the ZAR X Trading Platform are set out in the Procedures.

Order entry

- 4040 Orders may only be entered in the Central Order Book of the ZAR X Trading Platform during the times set out in the Session States.
- 4041 A Market Participant must, when entering an Order in the ZAR X Trading Platform in respect of ZAR X Securities specify the quantity of ZAR X Securities the subject of that Order, subject to the pre-trade disclosure exceptions specified in the Procedures.
- 4042 A Market Participant may elect not to disclose the quantity of ZAR X Securities the subject of an Order entered by the Market Participant into the ZAR X Trading Platform when the value of the ZAR X Securities is not less than the amount specified in the Procedures. This is subject to the restrictions set out in the Procedures.
- 4043 The ZAR X Trading Platform will reject Orders submitted that are equal to or greater than the Anomalous Order Threshold specified in the Procedures.
- 4044 A Market Participant must not enter a number of Orders into the ZAR X Trading Platform which is determined by ZAR X to be abusive and excessive as set out in the Procedures.
- 4045 A Crossing or Special Crossing of ZAR X Securities may be effected only in the circumstances set out in the Procedures.

Priority of Orders

- 4050 Orders entered into the ZAR X Trading Platform are ranked in the following order of priority:
- (i) Price
 - (ii) Time
 - (iii) Priority,
- subject to the pre-trade disclosure exceptions set out in the Procedures.
- 4051 Subject to the pre-trade disclosure exceptions specified in the Procedures, if a Market Participant:
- (a) reduces the quantity of an Order in the ZAR X Trading Platform, the amendment does not affect the priority ranking of the Order;
 - (b) withdraws an Order from the ZAR X Trading Platform, the Order loses its priority ranking. If the Order is re-entered, it will be treated as a new Order;
 - (c) effects any other amendments to an Order, the Order loses its priority ranking and will, upon amendment, be treated as a new Order.

Short Selling

4060 A Market Participant must not enter an Order into the ZAR X Trading Platform where the Client does not hold sufficient unencumbered ZAR X Securities from which to settle the Market Transaction.

Cancellation prior to matching

4070 A Market Participant may amend, cancel or withdraw any Order prior to a transaction being matched in the ZAR X Trading Platform.

Off Book Orders

4080 A transaction listed in the Procedures does not have to be executed through the Central Order Book of the ZAR X Trading Platform and may be entered into the ZAR X Trading Platform as an Off Book Order.

4081 In the case of an Off Book Order between two Market Participants, the Market participants must agree on which Market Participant will initiate the submission of the Off Book Order to the ZAR X Trading Platform.

4082 An Off Book Order must be submitted to the ZAR X Trading Platform without delay.

Removal or retention of Orders at end of day

4090 At the end of each Trading Day unmatched Orders in the ZAR X Trading Platform will be dealt with as specified in the Procedures.

Best result

4100 When acting for a Client in the purchase or sale ZAR X Securities, a Market Participant must at all times adhere to the best execution principle taking reasonable care to obtain the result which is the best available for the Client, provided that the Market Participant must at all times act in accordance with the terms and conditions of the agreed mandate from the Client.

4101 To support the best execution principle, all transactions in ZAR X Securities by Market Participants must be conducted through the Central Order Book of the ZAR X Trading Platform, unless the execution of an Off Book Order as permitted in these Rules and Procedures is in the best interests of the Client.

4102 A Market Participant may only deal as Principal with a Client if the Market Participant has obtained the prior consent of the Client.

SECTION 5

MONITORING CONDUCT AND ENFORCING COMPLIANCE

INFORMATION, MONITORING AND INVESTIGATION

Notifications

5000 A Market Participant must notify ZAR X in writing immediately if any of the circumstances set out in the Procedures occur.

Provision of Information

5010 ZAR X may at any time investigate the activities of a Market Participant in relation to the performance by the Market Participant of its obligations (including for the avoidance of doubt its ability in future to perform its obligations) under the Rules or as ZAR X otherwise considers appropriate having regard to Rule 2120. As part of any investigation, ZAR X may require a Market Participant to do one or more of the following:

- (a) to provide any information known to the Market Participant;
- (b) by notice, to provide or permit inspection at the offices of the Market Participant or any other place notified by ZAR X of any records in the custody, control or possession of the Market Participant;
- (c) by notice, to appear, and have its Employees appear, for interviews before ZAR X to give any information required by ZAR X in relation to the activities of the relevant Market Participant; or
- (d) by notice, to provide specified information relating to any dealings in Securities ZAR X of the relevant Market Participant.

5011 If a Market Participant is required to provide information or receives a notice under Rule 5010, the Market Participant must:

- (a) provide the information, or provide or permit inspection of the records in accordance with the notice;
- (b) appear, and ensure its Employees appear, for interviews before ZAR X and give the information required by ZAR X in accordance with the notice;
- (c) provide assistance to ZAR X as ZAR X may reasonably require in relation to the information required or the notice; and
- (d) bear any costs incurred by the Market Participant in connection with providing the information or complying with the notice or providing assistance to ZAR X.

5012 ZAR X may, in connection with any investigation, do one or more of the following:

- (a) give directions about who may be present at an interview of another person;
- (b) impose conditions on the attendance of a person, including in relation to appropriate undertakings as to confidentiality; and
- (c) impose any other requirement which ZAR X considers to be reasonably necessary to preserve the integrity of the investigation.

A Market Participant must comply, and ensure that its Employees comply, with any requirement imposed under this Rule 5012.

5013 ZAR X may appoint an agent to conduct investigations on its behalf. If ZAR X appoints an agent to conduct investigations on its behalf the Market Participant must do all things required under these Rules as if the investigation were conducted by ZAR X.

5014 Subject to Rule 5015, if:

- (a) ZAR X is entitled to exercise its powers against a Market Participant under Rules 5010 to 5012 in respect of particular circumstances; and
- (b) another Licensed Exchange has similar powers under its operating rules and is entitled to exercise those powers against the same Market Participant in respect of the same or similar circumstances,

ZAR X need not exercise those powers separately but may, exercise those powers together with the exercise by the other Licensed Exchange of its powers.

5015 Even though the exercise of powers are consolidated under Rule 5014, ZAR X must comply with the Rules which govern those powers. The consolidation and exercise of powers under Rule 5014 does not confer on ZAR X any powers in addition to those conferred on them by these Rules.

Provision of independent expert report or certification

5020 ZAR X may by notice to Market Participant require the Market Participant to provide a:

- (a) report from a suitably qualified independent expert approved by ZAR X expressing an opinion as to:
 - (i) the performance by the Market Participant of its obligations (including for the avoidance of doubt its ability in future to perform its obligations) under the Rules;
 - (ii) the Market Participant's capacity to continue to meet the requirements for admission as Market Participant or the granting of a relevant Trading Permission; or
 - (iii) any other matter which in the opinion of ZAR X is necessary to assist ZAR X in the discharge of its functions under these Rules or as ZAR X otherwise considers appropriate having regard to Rule 2120; or
- (b) certification from a suitably qualified independent expert approved by ZAR X as to compliance by the Market Participant with the Operational Requirements in a form acceptable to ZAR X, including in such form as may be set out in the Procedures.

5021 If ZAR X gives notice to Market Participant requiring that Market Participant to provide a report or certification under Rule 5020:

- (a) ZAR X must specify in that notice the date and time by which the Market Participant is to provide the report or certification; and
- (b) the Market Participant must provide that report or certification to ZAR X within the time specified in the notice.

- 5022 If ZAR X considers that the information contained in the report or certification warrants further investigation it may direct the Market Participant to do one or both of the following:
- (a) give to ZAR X or the independent expert further information which ZAR X considers appropriate having regard to Rule [2120]; or
 - (b) require the Market Participant to cause the independent expert to submit a further report or certification covering further matters specified by ZAR X by a date and time specified by ZAR X.
- 5023 If Market Participant fails to comply with a requirement of, or direction by, ZAR X under Rules 5020, 5021 or 5022, ZAR X may appoint a suitably qualified independent expert to investigate the Market Participant and prepare a report or certification in a form and within a time determined by ZAR X.
- 5024 The Market Participant must give all reasonable assistance required by the independent expert referred to in Rules 5020, 5022 or 5023 to prepare the report or certification and must at the request of the independent expert direct third parties to make available all information the independent expert requires.
- 5025 An independent expert appointed by ZAR X under Rule 5023 is taken to be the Market Participant's attorney for the purpose of obtaining any information or documents from third parties which in the opinion of the independent expert or ZAR X are necessary for the independent expert to prepare the report or certification.
- 5026 Unless ZAR X otherwise determines, the relevant Market Participant must pay the costs of the report or certification of the independent expert prepared under Rules 5020, 5022 or 5023 and bear any other costs incurred by it in respect of the report or certification.

SANCTIONS

Enforcement actions for breach of the Rules

- 5100 If ZAR X considers that a Market Participant has contravened the Rules or breached a condition imposed by ZAR X under the Rules, ZAR X may take any action in accordance with the provisions of ZAR X Enforcement and Appeals Rulebook.

Actions for breaches of Trading Permission Requirements

- 5110 If ZAR X reasonably considers that:
- (a) A Market Participant is not complying with the Trading Permission Requirements; or
 - (b) it is otherwise appropriate having regard to Rule 2120,
- ZAR X may immediately suspend or withdraw the Trading Permission of a Market Participant in whole or in part, including in respect of:
- (c) one or more:
 - (i) ZAR X Securities;
 - (ii) parts of the ZAR X Trading Platform;
 - (d) Direct Market Access.
- 5111 A suspension of the Trading Permission of Market Participant by ZAR X under Rule 5110 will remain in force until ZAR X is satisfied that:
- (a) the Market Participant complies, or will comply, with the Trading Permission Requirements; or
 - (b) the suspension is no longer appropriate having regard to Rule 2120, (as applicable).

Actions for breaches of Operational Requirements

- 5120 If ZAR X reasonably considers that:
- (a) A Market Participant is not complying with the Operational Requirements; or
 - (b) it is otherwise appropriate having regard to Rule 2120,
- ZAR X may do one or more of the following:
- (c) restrict or prohibit the submission of Trading Messages;
 - (d) direct the Market Participant to immediately suspend, limit or prohibit the submission of Trading Messages;
 - (e) take any other action as may be set out in the Procedures.
- 5121 A restriction, prohibition or direction imposed, or any other action taken, under Rule 5120 will remain in force until ZAR X is satisfied that:
- (a) the Market Participant complies, or will comply, with the Operational Requirements; or
 - (b) the restriction, prohibition, direction or other action is no longer appropriate having regard to Rule 2120, (as applicable).

Notice of actions taken by ZAR X under Rules 5110 and 5120

- 5130 Where ZAR X takes action (including for the avoidance of doubt, gives a direction) under Rules 5110 and 5120:
- (a) ZAR X will, as soon as practicable, notify the Market Participant of the action taken by ZAR X; and
 - (b) ZAR X may publish a market notice (or otherwise make an announcement or publication) detailing the action that has been taken, including the name of the Market Participant(s) and any other information which ZAR X considers relevant to such action.

APPEALS

- 5200 If a Market Participant is dissatisfied with a decision of ZAR X to:
- (a) issue an Enforcement Notice under Section 2 of the ZAR X Enforcement and Appeals Rulebook or any sanction imposed in the Enforcement Notice;
 - (b) suspend the admission of the Market Participant under Rule 10000; or
 - (c) terminate the admission of the Market Participant under Rule 10000,
- it may appeal to the Appeal Tribunal in accordance with the provisions of ZAR X Enforcement and Appeals Rulebook.
- 5201 ZAR X may not implement or announce a decision to:
- (a) take enforcement action against Market Participant under Rule 2.5 of the ZAR X Enforcement and Appeals Rulebook; or
 - (b) terminate Market Participant's admission as Market Participant under Rule 10000,
- before the expiry of the time for giving a notice of appeal, or if a notice of appeal is given in accordance with ZAR X Enforcement and Appeals Rulebook, before the appeal is determined.
- 5202 Without limiting Rule 10000 or Rule 10013, ZAR X may implement and announce a decision to suspend the admission of Market Participant under Rule 10000, before the expiry of the time for giving a notice of appeal or before the appeal is determined.

TERMINATION OF TRADING PERMISSION OR ADMISSION OF SUBSTANTIALLY INACTIVE MARKET PARTICIPANTS

- 5300 Where ZAR X considers that a Market Participant has been:
- (a) substantially inactive in respect of a particular ZAR X Securities for a continuous period of 6 months, ZAR X may notify the Market Participant that it intends to terminate the Market Participant's Trading Permission in respect of that ZAR X Securities; or
 - (b) substantially inactive for a continuous period of 6 months in respect of all ZAR X Securities for which ZAR X has given it Trading Permission, ZAR X may notify the Market Participant that it intends to terminate the Market Participant's admission.
- 5301 For the purposes of Rules 5300 to 5304, in determining whether a Market Participant is "substantially inactive", ZAR X may:
- (a) in relation to a potential termination of the Market Participant's Trading Permission in respect of a ZAR X Securities, take into account the number of Market Transactions the Market Participant has entered into on the ZAR X Trading Platform during that period in respect of that ZAR X Securities; or
 - (b) in relation to a potential termination of the Market Participant's admission, take into account the number of Market Transactions the Market Participant has entered into on the ZAR X Trading Platform during that period in respect of all ZAR X Securities for which ZAR X has given it Trading Permission.
- 5302 On receipt of a notice given under Rule 5300, the Market Participant may make written submissions to ZAR X explaining why, in its view, the Market Participant's Trading Permission in respect of that ZAR X Securities or its admission (as applicable) should not be terminated. Any written submission must be received by ZAR X within 10 Business Days following receipt of the notice from ZAR X, unless ZAR X grants an extension in writing.
- 5303 Where no submission is received by ZAR X under Rule 5302, ZAR X may terminate the Market Participant's Trading Permission in respect of ZAR X Securities or its admission (as applicable) following the end of the 10 Business Day period (or any extension) referred to in that Rule.
- 5304 Where a submission is received by ZAR X under Rule 5302, ZAR X may terminate the Market Participant's Trading Permission in respect of ZAR X Securities or its admission (as applicable) if ZAR X is not satisfied that the Market Participant will cease to be substantially inactive within a further 20 Business Days following the receipt of the submission. If the Market Participant remains substantially inactive during that period, ZAR X may terminate the Market Participant's Trading Permission in respect of ZAR X Securities or its admission (as applicable) following the end of that further period.

EFFECT OF TERMINATION ON OBLIGATIONS OF MARKET PARTICIPANT

- 5400 Where Market Participant ceases to be Market Participant (including as a result of resignation or termination of the admission of the Market Participant) this does not affect any accrued rights which ZAR X or other Market Participants have against the Market Participant or any accrued obligations which the Market Participant has to ZAR X or to other Market Participants.
- 5401 Without limiting Rule 5400, after the Market Participant ceases to be Market Participant under these Rules:
- (a) the Rules continue to apply and ZAR X will continue to have jurisdiction in respect of the Market Participant concerning any conduct or any failure to comply with the Rules which occurred before the cessation of the admission of the Market Participant, whether that conduct or failure was by the Market Participant or by any other person for whose conduct the Market Participant was responsible;
 - (b) the Market Participant continues to be bound by any indemnity given by the Market Participant under these Rules; and
 - (c) other Rules continue to apply in respect of the Market Participant to the extent required to give effect to paragraphs (a) and (b).

SECTION 6

MARKET ABUSE

Prevention and detection of market abuse

- 6000 A Market Participant must give consideration to the circumstances of orders placed by Clients before entering such orders in the ZAR X Trading Platform and must take reasonable steps to satisfy itself that such orders and any resultant trades will not result in a breach of the provisions of sections 77 to 81 of the FMA;
- 6001 A Market Participant must ensure that all of its Employees who are involved in the receipt of orders from Clients and the execution of transactions in ZAR X Securities on the ZAR X Trading Platform are familiar with the market abuse provisions in sections 77 to 81 of the FMA and that those Employees receive adequate training and guidance to enable them to recognise and avoid entering into any transaction which will result in, or is likely to result in, a breach of those provisions.
- 6002 A Market Participant's compliance monitoring procedures must specifically include procedures to monitor orders entered into, and transactions executed on the ZAR Trading Platform by the Market Participant and its Employees, with the objective of identifying and taking appropriate action in relation to orders or trades that, in the reasonable opinion of the Market Participant, may constitute a breach of the provisions of sections 77 to 81 of the Act.
- 6003 In formulating and implementing the compliance monitoring procedures referred to in Rule 6002, a Market Participant is not expected to monitor every order entered into, and every trade executed on, the ZAR X Trading Platform by the Market Participant, for the purpose of identifying potential market abuse. Nevertheless, whilst Market Participants are encouraged to implement monitoring procedures to detect any activity undertaken by the Market Participant's Employees or its Clients which may constitute a breach of the provisions of sections 78 and 80 of the FMA, the procedures should, as a minimum, aim to detect activity which, to a reasonable person observing or reviewing such activity, would constitute a blatant breach of the provisions of sections 77 to 81 of the FMA taking into account all relevant factors such as:
- (a) the identity of the parties to the transaction;
 - (b) the perceived intention of the parties to the transaction;
 - (c) the frequency and pattern of transactions over a period of time;
 - (d) the effect of the transaction on market prices or volumes;
 - (e) the size and timing of the transaction; or
 - (f) a combination of two or more of these factors.

SECTION 7 CLEARING AND SETTLEMENT

Applicability

7000 This section is applicable to the clearing and settlement of Market Transactions in ZAR X Securities and Restricted ZAR X Securities. This section is binding on Market Participants and Clients and any agent acting on their behalf.

Settlement assurance

7010 A Market Participant must ensure settlement of all transactions in ZAR X Securities and Restricted ZAR X Securities effected by it or by DMA through the ZAR X Trading Platform.

7011 A Market Participant may only enter an Order on the ZAR X Trading Platform if the Market Participant has taken reasonable steps to satisfy itself that the Client:

- (a) complies with Rule 7030; and
- (b) the details of the Client held by the Market Participant correspond with and match the details of the Client held by the ZAR X Designated CSDP.

7012 Any action by a Client in respect of a transaction in ZAR X Securities or a Restricted ZAR X Security will be against the Market Participant that effected the transaction on the instruction of such Client, and not against any other Market Participant or Client of such Market Participant.

7013 A Market Participant must make its Clients aware of their settlement obligations in terms of the rules. However, if a Client is not aware of such settlement obligations, he nevertheless remains bound by the relevant rules.

Settlement principles for transactions in ZAR X Securities

7020 All transactions in ZAR X Securities and Restricted ZAR X Securities must be cleared and settled electronically through the ZAR X Designated CSDP in accordance with the following principles:

- (a) transaction by transaction;
- (b) between the ultimate buyer and the ultimate seller;
- (c) on a rolling and contractual basis, whereby transactions become contractually immediately due to be settled; and
- (d) in compliance with the beneficial shareholder restrictions that may be imposed by an Issuer of ZAR X Securities.

Pre-trade settlement requirements for ZAR X Securities and Restricted ZAR X Securities

7030 A Client may only place an order with a Market Participant to transact in ZAR X Securities if:

- (a) the Client:
 - (i) has opened a clearing and settlement account with the ZAR X Designated CSDP;
 - (ii) has opened a Segregated Depository Account with the ZAR X Designated CSD; and
 - (iii) is an Eligible Purchaser in respect of a Restricted ZAR X Security.
- (b) in respect of an Order to purchase ZAR X Securities:
 - (i) the Client has deposited cleared funds into a client money trust account held with the ZAR X Designated CSDP, the amount which is sufficient to settle the purchase of ZAR X Securities and all related levies, fees, taxes and commissions.
- (c) in respect of an Order to purchase a Restricted ZAR X Security:
 - (i) the Client is recorded in the records of the ZAR X Designated CSDP as an Eligible Purchaser for the Restricted ZAR X Security to be purchased, in accordance with the Procedures;
 - (ii) the Client has deposited cleared funds into a client money trust account held with the ZAR X Designated CSDP, the amount which is sufficient to settle the purchase of ZAR X Securities and all related levies, fees, taxes and commissions
- (d) in respect of an Order to sell ZAR X Securities or a Restricted ZAR X Security:
 - (i) the ZAR X Securities or the Restricted ZAR X Security to be sold are held in uncertificated form in a Segregated Depository Account held with the ZAR X Designated CSD in the name of the Client;
 - (ii) the ZAR X Securities or Restricted ZAR X Security are unencumbered and freely available for sale; and
 - (iii) there are sufficient ZAR X Securities or Restricted ZAR X Security in the Clients Segregated Depository Account held with the ZAR X Designated CSD to effect the sale.

7031 If it is determined that the registered owner or beneficial owner of a ZAR X Restricted Security does not fulfil the requirements of an Eligible Purchaser in respect of such ZAR X Restricted Security, ZAR X acting on the instructions of the Issuer may correct the purchase transaction of the Restricted ZAR X Security.

7032 Where a purchase transaction in a Restricted ZAR X Security is corrected by ZAR X:

- (a) ZAR X will instruct the CSDP to transfer the affected Restricted ZAR X Security in question to the Issuer or the issuer's nominee for the consideration provided for in that issuer's founding documents.
- (b) the registered owner or the beneficial owner will be obliged to accept the consideration provided for in that Issuer's founding documents and will be obliged to dispose of the Restricted ZAR X Security to the Issuer or the Issuer's nominee.

Matching and Execution

- 7040 Orders entered onto the ZAR X Trading Platform will only be matched and become a Market Transaction under the following conditions:
- (a) in respect of the buy Order:
 - (i) the buyer has sufficient cleared funds in a client money trust account held with the ZAR X Designated CSDP to settle the purchase consideration of the ZAR X Securities and all related levies, fees, taxes and commissions; and
 - (ii) where the Order is for a Restricted ZAR X Market Security, the buyer is an Eligible Purchaser for the Restricted ZAR X Security the subject of the purchase.
 - (b) in respect of the sell Order:
 - (i) the seller holds sufficient unencumbered ZAR X Securities or Restricted ZAR X Securities in uncertificated form in a Segregated Depository Account held with the ZAR X Designated CSD to effect the sale.

Clearing and Settlement

7050 A Market Participant must immediately report a Market Transaction to the ZAR X Designated CSDP for clearing and settlement.

General settlement provisions

- 7060 A transaction conducted in ZAR X Securities by a Market Participant must:
- (a) be allocated to a Client's account on the trade date;
 - (b) be communicated to a Client by no later than 09h00 on the business day after the original trade;
 - (c) be settled on the trade date.

CLIENT ASSETS

Separation of Client assets

- 7100 A Market Participant must provide for:
- (a) the separation and identification of the assets of a Client and the assets of the Market Participant; and
 - (b) the proper accounting for the assets of each Client.
- 7101 A Market Participant may not utilise the assets of Clients to finance its business activities.
- 7102 A Market Participant may not borrow or lend any Client assets.

Safeguarding of Clients ZAR X Securities

- 7110 Clients must hold a Segregated Depository Account with the ZAR X Designated CSD in which ZAR X Securities must be held in uncertificated form in the beneficial owner's name.
- 7111 Market Participants are not permitted to offer safe custody services in respect of ZAR X Securities.

Safeguarding of Clients' funds

- 7120 A Market Participant must open and maintain a client money trust bank account as prescribed in section 21 of the FMA to ensure that any funds received by the Market Participant from a Client in respect of the purchase of ZAR X Securities are segregated from the Market Participant's own funds from the time that such funds are deposited.
- 7121 Funds received in respect of or arising from the operation of an account for a Client in respect of transactions in ZAR X Securities which are not paid over to the Client upon receipt of such funds, must be deposited in the name of the Client in the client money trust account held with the ZAR X Designated CSDP.
- 7122 Interest received by a Market Participant in relation to Client funds deposited in the client money trust account operated by the Market Participant in terms of Rule 7120 must accrue to and must be payable by the Market Participant to the Clients entitled to such funds, after deduction of such administration fee or other charge as the Market Participant may determine. The Market Participant must disclose in advance of accepting funds the rate at which such fee or charge will be determined or the manner of calculation of such fee and may, in respect of each statement to a Client, disclose the actual fee or charge so deducted. Any subsequent amendment to the rate at which such fee or charge will be determined or the manner of calculation of such fee must be disclosed in advance of such amendment.

SECTION 8 CONDUCT OF BUSINESS

GENERAL STANDARDS OF CONDUCT

General

8000 This Rule provides for the general standards of conduct which a Market Participant must observe in its dealings with Clients and ZAR X in respect of ZAR X Securities. The additional standards of conduct relevant to other regulated services are contained in the rules which deal with those services.

Standards of integrity

8010 A Market Participant must, in the conduct of its business, observe high standards of integrity and fair dealing. It must:

- (a) not knowingly circulate information which is false or misleading;
- (b) not knowingly countenance any attempt to manipulate the Market, nor to influence persons for such a purpose;
- (c) conduct its activities in a manner that is compatible with the objects of the FMA and with full respect for the reputation of ZAR X; and
- (d) not participate in any dealings with other Market Participants, Clients, the media or other persons which may be of such a nature as to defame ZAR X or any of its Employees.

General conduct towards Clients

8020 In its dealings with a Client a Market Participant must:

- (a) act honestly and fairly
- (b) act with due skill, care and diligence, and in the interests of Clients;
- (c) avoid conflicts of interest and when they cannot be avoided, ensure fair treatment to Clients by disclosure, confidentiality or declining to act. Market Participant must not unfairly place its interests above those of its Clients; and
- (d) exercise independent professional judgement;
- (e) act promptly on and in accordance with the instructions of a Client, and exercise any discretion in a responsible manner.

Disclosure to Clients

8030 Any representations made and information provided by a Market Participant to a Client:

- (a) must be factually correct;
- (b) must be provided in plain language, avoid uncertainty or confusion and not be misleading;
- (c) must be adequate and appropriate in the circumstances of the particular service, taking into account the factually established or reasonably assumed level of knowledge of the Client;
- (d) must, as regards all amounts, sums, values, charges, fees, remuneration or monetary obligations mentioned or referred to therein, be reflected in specific monetary terms, provided that where any such amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation must be adequately described; and
- (e) need not be duplicated or repeated to the same Client unless material or significant changes affecting that Client occur, or the relevant service renders it necessary, in which case a disclosure of the changes must be made to the Client without delay.

8031 A Market Participant:

- (a) must disclose full and accurate information about the fees and any other charges that may be levied on Clients;
- (b) may not disclose any confidential information acquired or obtained from a Client about such Client, unless the written consent of the Client has been obtained beforehand or disclosure of the information is required to further the objects of the FMA or is required under any other law or regulation;
- (c) must advise a Client in advance of any restrictions or limitations that may affect the access of that Client to their assets.

Personal Account Trading

8040 A Market Participant must establish and maintain controls and procedures in relation to transactions executed for the direct or indirect benefit of Employees of the Market Participant, in order to avoid such transactions conflicting with the interests of the Market Participant's Clients.

8041 The controls and procedures in relation to the transactions referred to Rule 8040 should, as a minimum, make provision for the review by the Market Participant of those transactions, in order to identify any transactions which are in conflict with the interests of the Market Participant's Clients.

Inducements

8050 A Market Participant must take reasonable steps to ensure that it and any person acting on its behalf does not offer, give, solicit or accept any incentive, remuneration, consideration, commission, fee or brokerage ("valuable consideration") as an inducement if it is likely to conflict with any duty that the Market Participant owes to its Clients in respect of regulated services provided to those Clients or any duty that the recipient of the inducement owes to its Clients.

8051 Without limiting the generality of Rule 8050, any valuable consideration offered, given, solicited or accepted as an inducement by Market Participant or any person acting on its behalf, in terms of an agreement with a third party or a Client which relates to the provision of regulated services by the Market Participant to one or more Clients, and which does not directly relate to, and assist in the provision of, such services to such Clients or does not otherwise directly benefit the Clients of the recipient of such valuable consideration, shall constitute an inducement prohibited in terms of rule 8050.

- 8052 A Market Participant who, in terms of an agreement with a third party, directly or indirectly accepts any valuable consideration as an inducement in respect of a regulated service rendered to a Client, or for which the Market Participant may become eligible, must disclose to the Client in writing before the rendering of such service:
- (a) the existence of the agreement;
 - (b) the nature, extent, value and frequency of receipt of such valuable consideration to the extent that such information is known prior to the rendering of the service; and
 - (c) the identity of the other person providing or offering the valuable consideration.

Contact with the Market Participant

- 8060 A Market Participant must provide for the necessary resources and functionality to ensure that Clients are able to readily contact the Market Participant.

Unsolicited calls

- 8070 A Market Participant may enter into a transaction with or on behalf of a person where the transaction is as a result of an unsolicited call, provided that the Market Participant has complied with the requirements set out in the Rules and Procedures.

Dealings with a Discretionary Financial Services Provider

- 8080 A Market Participant may not effect a transaction with a person whom the Market Participant reasonably believes requires authorisation as a discretionary financial services provider or as a representative in terms of FAIS, without having taken reasonable measures to ascertain that such person has the required authorisation.

Conducting business with a nominee

- 8090 A Market Participant may not operate a Client account on behalf of a person whom the Market Participant believes or suspects requires approval to act as a nominee under section 76 of the FMA without having taken reasonable measures to ascertain that such person has the necessary approval.
- 8091 Notwithstanding that a Client account may have the necessary approval to act as a nominee under section 76 of the FMA, a Market Participant may not execute Market Transactions for a nominee account in a Restricted ZAR X Security unless the account has been approved as an Eligible Purchaser in respect of that Restricted ZAR X Security.

Voice recordings

- 8100 A Market Participant must record any telephone conversation between an Employee and a Client or potential Client.
- 8101 The recordings referred to in Rule 8502 must be kept for a minimum period of 6 (six) months from the date of recording. Such recordings or transcripts may be submitted in evidence in any disciplinary proceedings involving the Market Participant or one of its Employees.

Waiver of rights

- 8110 A Market Participant may not request or induce in any manner a Client to waive any right or benefit conferred on the Client by or in terms of the rules, or recognise, accept or act on any such waiver by the Client, and any such waiver is void.

Co-operation with regulators

- 8120 A Market Participant shall deal with ZAR X as its regulator in an open and co-operative manner and keep ZAR X promptly informed of anything concerning ZAR X which might reasonably be expected to be disclosed to it. Market Participant shall also provide reasonable co-operation to any other regulatory body or any law enforcement agency in respect of any matters which are the subject of an investigation by such body or agency relating to an alleged contravention of the FMA, or any equivalent foreign legislation or any other law governing the activities of the Market Participant.

MARKETING AND ADVERTISING

Advertising

- 8130 A Market Participant may advertise its services to the public provided such advertising:
- (a) is carried out with a due sense of responsibility to the profession and to the public;
 - (b) is consistent with the dignity of the profession, is in good taste both as to content and presentation and does not make odious comparisons or belittle ZAR X Securities or services or products offered by others, whether Market Participants or not, either by claiming superiority for the services or performance of a particular Market Participant or otherwise; and
 - (c) conforms with the accepted norms of legality, decency, honesty and truthfulness and does not contain testimonials or endorsements.
- 8131 Advertising material of a Market Participant:
- (a) must provide accurate, complete and unambiguous information about ZAR X Securities or any Trading Services or Investment Services rendered by the Market Participant;
 - (b) must emphasise the risk of loss and uncertainty of future results;
 - (c) must discern fact from opinion; and
 - (d) may not be comparative in relation to another Market Participant.
- 8132 An advertisement by a Market Participant:
- (a) may not contain any statement, promise or forecast which is fraudulent, untrue or misleading;
 - (b) must, if it contains performance data (including awards and rankings), include references to their source and date;

- (c) must, if it contains illustrations, forecasts or hypothetical data:
 - (i) contain support in the form of clearly stated basic assumptions (including, but not limited to, any relevant assumptions in respect of performance, returns, costs and charges) with a reasonable prospect of being met under current circumstances;
 - (ii) make it clear that they are not guaranteed and are provided for illustrative purposes only; and
 - (iii) also contain, where returns or benefits are dependent on the performance of underlying assets or other variable market factors, clear indications of such dependence;
- (d) if it contains a warning statement about the risks involved in buying or selling ZAR X Securities, prominently display such statement; and must:
- (e) if it contains information about past performances, also contain a warning that past performances are not necessarily indicative of future performances; and
- (f) if the investment value of ZAR X Securities mentioned in the advertisement is not guaranteed, contain a warning that no guarantees are provided.

Use of name and logo

8140 A Market Participant shall not use in publicity, promotional or advertising material, or on its professional stationery, or on its name plates, or on its office premises, any designation other than that designation recognised by ZAR X and shall record the fact that it is a "Market Participant of ZAR X".

Market recommendation – disclaimer

8150 No Market Participant shall publish or circulate any written comment which relates to the trading results of a ZAR X Issuer or which may influence the price of any security of any company unless such comment is accompanied by the name of the person or persons who compiled it.

8151 Where a newsletter, circular or other publication carries an expression of opinion on a listed company and the Market Participant has an interest (other than a casual interest) in that company, the existence of such an interest without specifying names and amounts shall be disclosed in such newsletter, circular or other publication and if a director of the Market Participant is a director of the company that shall also be disclosed.

CLIENT ACCEPTANCE AND MAINTENANCE PROCEDURES

Client acceptance

8200 Every Market Participant shall ensure that it obtains and maintains sufficient information on each Client account and each account operated by a Client so as to be able to identify:

- (a) the Client;
- (b) the beneficial holder of an account where the beneficial holder is not a Client of the Market Participant but is a person on whose behalf a Client is acting as agent; and
- (c) the person or persons responsible for placing instructions on the account, subject to Rule 8203.

8201 As a minimum, the Market Participant shall obtain the following information in respect of each Client and the beneficial holder of an account where the beneficial holder is not a Client of the Market Participant but is a person on whose behalf a Client is acting as agent:

- (a) full name; and
- (b) identity number or registration number, as the case may be.

8202 In addition to Rule 8201, the Market Participant must also obtain the following information in respect of each Client:

- (a) physical and postal address;
- (b) valid email address;
- (c) mobile telephone number;
- (d) legal status of the Client; and
- (e) valid banking details.

8203 Unless the Client is a bank or a financial services provider or the foreign regulated equivalent of such entities, the information referred to in Rules 8201, 8202(a) and 8202(b) 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.

8204 The information referred to in Rules 8201 to 8203, together with any bank account details provided by the Client, shall be confirmed by the Client in writing and the Market Participant shall maintain a record of such confirmation. Any changes to the said information shall be advised by the Client in writing to the Market Participant as soon as practicable.

8205 Before undertaking to execute any transaction for a new Client, a Market Participant shall, as a minimum, authenticate the identity of such Client in accordance with FICA and maintain a record of the means of such authentication.

Client agreements

8210 Before accepting an Order to enter into a Market Transaction a Market Participant that provides Trading Services must enter into a written agreement with the Client which sets out the relevant terms and conditions under which the Market Participant will execute Market Transactions on behalf of the Client ("Client Agreement").

- 8211 As a minimum the Client Agreement:
- (a) must set out the essential obligations of the Market participant and the Client;
 - (b) must include information about the Market Participant and its obligations under these Rules including information regarding:
 - (i) authorised status as a Market Participant;
 - (ii) communications;
 - (iii) settlement obligations;
 - (iv) conflicts of interest; and
 - (v) fees and other charges.
 - (c) may include other terms and conditions agreed between the Market Participant and the Client, provided those terms are not inconsistent with the terms set out in the Procedures. To the extent of any inconsistency, the terms set out in the Procedures will prevail.
- 8212 When taking on a Client the Market Participant must ensure that in addition to the Client Agreement set out in Rule 8210, the Client has entered into the following additional agreements prior to transacting in ZAR X Securities:
- (a) Clearing and Settlement agreement with the ZAR X Designated CSDP; and
 - (b) Securities Depository Account agreement with the ZAR X Designated CSD.
- 8213 A Market Participant must retain a copy of each Client Agreement which it enters into with the Client under Rule 8210 and any documents under Rules 8200 to 8205 for a minimum period of five years.
- 8214 The Client Agreement may be in electronic form in accordance with the Procedures and its acceptance may be expressed by electronic means, provided that if acceptance occurs otherwise than by electronic means, the expression of acceptance must be evidenced by the physical signature of the client.
- 8215 A Market Participant must keep a register of each Client Agreement in the form and manner as may be prescribed by ZAR X.

Maintenance of Client records

- 8220 A Market Participant:
- (a) must maintain proper, complete, accurate and secure records in relation to the services rendered to its Clients.
 - (b) must have appropriate procedures and systems in place to store and retrieve, in a manner safe from destruction, a record of all:
 - (i) communications relating to a service rendered to a Client, including instructions given by the Client to the Market Participant;
 - (ii) transaction documentation relating to Clients;
 - (iii) contractual arrangements between the Market Participant and its Clients, including any mandate or agreement prescribed by the Rules; and
 - (iv) client particulars required to be provided in terms of the Rules or which are necessary for the effective operation of Client accounts.
 - (c) The Client records in Rule 8220(b) may be kept in printed, electronic or voice-recorded format.
 - (d) Market Participants need not hold the records in Rule 8220(b) themselves but must be capable of making such records available for inspection within seven days.
 - (e) All instructions given by Clients to execute transactions in ZAR X Securities must be kept for a period of at least six months after the relevant transactions and all other Client records in Rule 8220(b) must be kept for at least five years after the rendering of the services concerned.

TRANSACTIONS IN RESTRICTED ZAR X SECURITIES

- 8300 A Market Participant may not execute a Market Transaction in a Restricted ZAR X Security on behalf of a Client unless the Market Participant has ensured that:
- (a) the Client has opened and holds an active Segregated Depository Account with the ZAR X Designated CSD;
 - (b) the Client has opened and holds an active clearing account with the ZAR X Designated CSDP for settlement of ZAR X Securities;
 - (c) in respect of an Order to purchase a Restricted ZAR X Security:
 - (i) the Client is recorded in the records of the ZAR X Designated CSDP as an Eligible Purchaser for the Restricted ZAR X Security to be purchased, in accordance with the Procedures;
 - (ii) the Client has deposited cleared funds into a client money trust account held with the ZAR X Designated CSDP, the amount which is sufficient to settle the purchase of ZAR X Securities and all related levies, fees, taxes and commissions;
 - (d) in respect of an Order to sell a Restricted ZAR X Security:
 - (i) the Restricted ZAR X Security to be sold are held in uncertificated form in a Segregated Depository Account held with the ZAR X Designated CSD in the name of the Client;
 - (ii) the Restricted ZAR X Security are unencumbered and freely available for sale;
 - (iii) there are sufficient Restricted ZAR X Security in the Clients Segregated Depository Account held with the ZAR X Designated CSD to effect the sale.

PRESCRIBED FEES AND COMMISSIONS

Market Participants' commissions and fees

- 8400 Where a Market Participant has executed a Market Transaction for a Client in an agency capacity, the level of commission charged to a Client by the Market Participant must not exceed the maximum level prescribed by ZAR X as set out in Procedures.

- 8401 A Market Participant may not make a profit in respect of a Market Transaction conducted for a Client in an agency transaction other than the agreed commission as determined by ZAR X from time to time.
- 8402 A Market participant must not charge a Client commission in respect of a Market transaction in ZAR X Securities where the Market Participant has transacted with a Client in a Principal capacity but may make a profit.
- 8403 A Market Participant that provides Investment Services in respect of ZAR X Securities shall be permitted to charge a Client a negotiated fee for providing Investment Services. Such fee may be related to the performance of the Client's ZAR X Securities managed by the Market Participant or be structured on a percentage of the ZAR X Securities managed or any other basis agreeable to the Client.

MANAGEMENT OF ZAR X SECURITIES

Investment Mandate

- 8500 The arrangement whereby a Market Participant provides Investment Services in respect of ZAR X Securities on behalf of a Client must be recorded in a written mandate ("Investment Mandate"). The terms of the Investment Mandate must comply with the requirements set out in these Rules and the Procedures and the Client must accept the terms of the Investment Mandate and communicate such acceptance to Market Participant prior to the provision of the Investment Services.
- 8501 The Investment Mandate may be in electronic form and its acceptance may be expressed by electronic means, provided that if acceptance occurs otherwise than by electronic means, the expression of acceptance must be evidenced by the physical signature of the Client.
- 8502 A Market Participant must keep a register of each Investment Mandate in the form and manner as may be prescribed by ZAR X,
- 8503 Investment Services may only be provided by an Authorised Investment Advisor appointed by the Market Participant. The person to be appointed as an Authorised Investment Advisor must comply with the requirements set out in the Procedures.

Investment objectives and needs analysis

- 8510 In exercising discretion in the management of ZAR X Securities on behalf of a Client, a Market Participant must:
- (a) obtain information regarding the Client's financial situation, investment experience, particular needs and objectives in connection with the services required, to enable the Market Participant to make an appropriate investment decision;
 - (b) conduct an analysis, based on the information obtained, for the purpose of making an investment decision;
 - (c) identify ZAR X Securities that will suit the Client's risk profile and financial needs, subject to the terms of the Investment Mandate provided to the Market Participant by the Client; and
 - (d) ensure that any discretion exercised is not for the primary purpose of maximising the income of the Market Participant.

Identification of investment management accounts

- 8520 A Market Participant must distinguish, in its books of account, those Client accounts in respect of which the Market Participant manages ZAR X Securities, so that they can be easily identified as such at all times.

Management of ZAR X Securities

- 8530 A Market Participant who manages ZAR X Securities may not effect transactions in ZAR X Securities on behalf of a Client unless the Client has given his general consent to such transactions being effected in the mandate referred to Rule 8500.
- 8531 Any decision by a Market Participant to invest in ZAR X Securities must be made with due regard to the relevant provisions of the general standards of conduct set out in Rules 8000 to 8120, particularly the provisions relating to the general conduct towards Clients in Rule 8020 and disclosure to Clients in Rule 8030, and the requirements of Rule 8510 in relation to investment objectives and a needs analysis.

Advice on ZAR X Securities

- 8540 In providing advice to a Client, other than a Professional Client, in respect of ZAR X Securities, a Market Participant must:
- (a) take reasonable steps to obtain information regarding the Client's financial situation, investment experience, particular needs and objectives in connection with the services required, to enable the Market Participant to provide the Client with sound advice;
 - (b) conduct an analysis, based on the information obtained, for the purpose of advising the Client;
 - (c) identify the ZAR X Securities that will suit the Client's risk profile and financial needs, subject to the terms of any mandate provided to the Market Participant by the Client;
 - (d) take reasonable steps to ensure that the Client understands any advice that has been provided, as well as the nature and material terms and risks involved in the relevant transaction, so as to enable the Client to make an informed decision; and
 - (e) ensure that any advice provided is not for the primary purpose of maximising the income of the Market Participant.

CORPORATE ACTIONS

- 8600 The arrangement between a Market Participant and a Client regarding issues pertaining to corporate actions must be recorded in writing. The written arrangement must, as a minimum, incorporate the instructions from the Client and the terms and conditions which will apply to the following issues pertaining to corporate actions:
- (a) whether the Client wishes to receive all company reports, proxy forms, notices, circulars, listing particulars and any other issuer communications, in respect of ZAR X Securities of which such Client is a beneficial owner;
 - (b) whether the Market Participant is entitled and obliged to utilise its discretion in electing particular options in respect of all or certain corporate action events which require such an election to be made;

- (c) whether the Market Participant may utilise its discretion in exercising voting rights on behalf of the Client;
- (d) the means of communication between the Market Participant and the Client if the Market Participant is not granted discretion to act in respect of the issues referred to in Rule 8600(a) and Rule 8600(b). This will apply to the communication of the relevant issues to the Client by the Market Participant as well as the Client's response thereto;
- (e) the date and time by which the Client is required to make an election, if applicable; and
- (f) the option which the Market Participant may elect if the Client fails to advise the Market Participant of their election before the deadline specified in Rule 8600(e), if applicable. This could either be the default for election or the Market Participant may be entitled to utilise its discretion in electing a particular option.

ACCEPTANCE OF CASH DEPOSITS

8700 No Market Participant shall knowingly receive or accept a deposit of cash from any person exceeding an amount of R5 000 in relation to the purchase of ZAR X Security. For the purpose of this rule, "cash" shall mean coin and paper money of the Republic or any other country. Market Participant shall not receive or accept two or more cash amounts exceeding R5 000 in total with the purpose of avoiding compliance with this rule.

CLIENT STATEMENTS

8800 A Market Participant must provide a written statement to a Client which complies with Rule 8802 and Rule 8803.

8801 Statements shall be provided to Clients:

- (a) at regular intervals which may not exceed three months, unless the Client consents in writing not to receive the statements because they are able to access the information made available by the Market Participant through electronic means, such as the internet, on a continuous basis;
- (b) at such intervals of less than three months as the Client requests, although the Market Participant shall not be obliged to provide statements more frequently than monthly; or
- (c) at such intervals as may be agreed between the Market Participant and a Professional Client.

8802 A Client statement must contain such information as is reasonably necessary to enable the Client to:

- (a) produce a set of financial statements;
- (b) determine the composition of ZAR X Securities comprising the portfolio held by the Market Participant or for which the Market Participant is accountable to the Client and the changes thereto over the reporting period, if applicable; and
- (c) determine the market value of ZAR X Securities comprising the portfolio held by the Market Participant or for which the Market Participant is accountable to the Client and the changes therein over the reporting period, if applicable.

8803 Pursuant to Rule 8802, and to provide the Client with the information necessary for them to review the operation of their account and make appropriate investment decisions, a Client statement must contain at least the following information:

- (a) the quantity, description and market value of each ZAR X Securities comprising the portfolio held by the Market Participant or for which the Market Participant is accountable to the Client, at the reporting date;
- (b) the amount of funds held by the Market Participant or which have been invested by the Market Participant on behalf of the Client and for which the Market Participant is accountable to the Client, at the reporting date;
- (c) if any of the ZAR X Securities are reflected in a foreign currency, the relevant currency exchange rate at the reporting date must also be reflected;
- (d) ZAR X Securities purchased or sold during the reporting period;
- (e) receipts and payments of funds during the reporting period;
- (f) details of income earned and expenditure incurred during the reporting period;
- (g) non-cash transactions during the reporting period, including non-cash components of corporate actions and option expiries;
- (h) ZAR X Securities transferred into and out of the portfolio during the reporting period;
- (i) identification of those ZAR X Securities which at the reporting date were loaned to any third party but for which the Market Participant is still accountable to the Client;
- (j) the quantity, description and market value of any financial ZAR X Securities, or the amount of funds, held as collateral by the Market Participant on behalf of the Client in respect of any loans made by the Client;
- (k) identification of those ZAR X Securities which at the reporting date were utilised to secure loans to the Client or borrowings made on behalf of the Client; and
- (l) identification of those ZAR X Securities which at the reporting date were utilised as margin in respect of open positions in any financial ZAR X Securities;

8804 The information referred to in Rule 8803 may be provided to the Client in separate statements either during the reporting period or as at the reporting date.

8805 A Client statement shall be provided either to the Client or to an agent or third party nominated by the Client in writing.

OUTSOURCING

8900 A Market Participant may outsource certain functions provided that such functions are outsourced in accordance with the requirements set out in the Procedures.

SECTION 9 COMPLAINTS

Client complaints

- 9000 For the purposes of these Rules a Client complaint is defined as a complaint in relation to the provision of Trading Services or Investment Services by a Market Participant to a Client, in which the Client alleges that he has suffered, or is likely to suffer, financial prejudice or damage as a result of the Market Participant:
- (a) contravening or failing to comply with any instruction given by the Client, or any agreement or mandate entered into with the Client;
 - (b) contravening or failing to comply with the Rules and the Procedures;
 - (c) acting dishonestly, negligently or recklessly; or
 - (d) treating the Client unreasonably or unfairly.
- 9001 Every Market Participant must establish and maintain appropriate procedures for the handling of Client complaints.

Internal complaint resolution system and procedures

- 9010 A Market Participant must have an internal complaint handling system and procedure that provides for at least:
- (a) the receipt of oral or written complaints;
 - (b) the appropriate investigation of complaints;
 - (c) an appropriate decision-making process in relation to the response to a Client complaint;
 - (d) notification of the decision to the Client; and
 - (e) the recording of complaints.
- 9011 A Market Participants internal complaint handling system and procedure must be designed to ensure that:
- (a) all complaints are handled fairly, effectively and promptly;
 - (b) recurring or systemic problems are identified, investigated and remedied;
 - (c) the number of unresolved complaints referred to ZAR X in terms of the Rule 9060 are minimised;
 - (d) complaints are investigated by the Compliance Officer or an employee of sufficient competence who, where appropriate, was not directly involved in the matter which is the subject of a complaint;
 - (e) the Compliance Officer or the employee responsible for the resolution of complaints has the necessary authority to resolve complaints or has ready access to an employee who has the necessary authority; and
 - (f) relevant employees are aware of the Market Participants internal complaint handling procedures and comply with them.

Timeous response to complaints

- 9020 A Market Participant must respond to a Client complaint within 4 weeks of receiving the complaint in terms of Rule 9010(a) or, within such period, provide the complainant with an appropriate explanation as to why the Market Participant is not, at that time, in a position to respond and must indicate by when the Market Participant will respond.

Redress

- 9030 Where a Market Participant decides that redress in the form of compensation is appropriate in resolving a complaint, the Market Participant must provide the complainant with fair compensation and must comply with any offer of compensation made by it which the complainant accepts.
- 9031 Where a Market Participant decides that redress in a form other than compensation is appropriate in resolving a complaint, the Market Participant must provide the redress as soon as practicable.

Recording of complaints

- 9040 A Market Participant must maintain a record of all Client complaints. The record of each complaint must include:
- (a) the identity of the complainant;
 - (b) the substance of the complaint; and
 - (c) all correspondence in relation to the complaint.
- 9041 The records referred to in Rule 9040 must be retained by the Market Participant for a period of five years from the date of receipt of the complaint.

Unresolved Client complaints

- 9050 A Client complaint will be deemed to be unresolved if the complainant is not satisfied with the resolution of the complaint proposed by the Market Participant.
- 9051 A complainant may lodge an unresolved complaint, in writing, with ZAR X: Markets giving full particulars of the matter concerned.
- 9052 In order for an unresolved complaint to be considered by ZAR X: Markets, the complaint must be lodged with ZAR X: Markets within four weeks of the receipt by the complainant of the Market Participant's response referred to in Rule 9030 and within six months of the conduct by the Market Participant giving rise to the complaint.
- 9053 An unresolved complaint which is lodged subsequent to the period referred to in Rule 9062 will be considered, provided that failure to lodge the complaint within the relevant period was through no fault of the Client.

- 9054 ZAR X: Markets may request the Market Participant and the complainant to provide copies of all relevant correspondence and documentation that is required to review the complaint.
- 9055 ZAR X: Markets will endeavour to facilitate a resolution of the complaint between the Market Participant and the complainant.
- 9056 If ZAR X: Markets is unable to facilitate a resolution of the complaint within four weeks of lodgement of the complaint with it, ZAR X: Markets will refer the unresolved complaint to the Appeal Tribunal in accordance with the provisions of the ZAR X Enforcement and Appeals Rulebook.

Market Participant Complaint against ZAR X

- 9060 Subject to Rule 9061, if a Market Participant wishes to lodge a complaint against ZAR X in respect of the exercise by ZAR X of any exchange functions in terms of section 10 of the FMA and the Market Participant requires a written response to their complaint, the Market Participant should lodge the complaint in writing with the ZAR X Company Secretary.
- 9061 If a Market Participant wishes to lodge a complaint against ZAR X in respect of conduct by ZAR X which, in the opinion of the Market Participant, evidences a failure by ZAR X to avoid or otherwise appropriately manage a potential conflict between the ZAR X regulatory functions and its commercial functions, the Market Participant should lodge the complaint in writing with the ZAR X Company Secretary for the attention of the Chairman of the SRO Oversight Committee.
- 9062 ZAR X or the Chairman of the SRO Oversight Committee will respond to a complaint received in terms of Rule 9060 or 9061 respectively within four weeks of receiving the complaint or, within such period, will provide the complainant with an appropriate explanation as to why they are not, at that time, in a position to respond and will indicate by when they will respond.

SECTION 10 DEFAULT

Suspension, termination and other actions against Market Participant for event of default

- 10000 If ZAR X considers that an event of default under Rule 10014 has occurred, or if Rule 10015 applies, ZAR X may take any or all of the following actions in respect of the Market Participant, in the name of (if appropriate) and at the expense of the Market Participant, in any order immediately or at any other time ZAR X determines, and without the need for any prior notice to or consent of the Market Participant or any other person:
- (a) suspend the Market Participant's admission as a Market Participant;
 - (b) (subject to Rule 5201 terminate the Market Participant's admission as a Market Participant;
 - (c) impose restrictions on the Market Participant's rights or privileges as a Market Participant including but not limited to suspending or terminating a Market Participant's authorisation to conduct Trading Services and where applicable Investment Services;
 - (d) without prejudice to any other rights which ZAR X may have under the Rules, under statute, at law, take any other action, or take no action, or direct the Market Participant to take any action or no action, in order to eliminate or minimise risk with respect to Market Transactions entered into by the Market Participant or which ZAR X considers appropriate for the protection of ZAR X, the ZAR X Designated CSDP, the Market or other Market Participants; and
 - (e) issue a notice to other Market Participants to the effect that the Market Participant has been declared in default.
- 10011 On the declaration of default by a Market Participant:
- (a) any amount payable by ZAR X to the Market Participant arising from Market Transactions or any other cause shall be set off against any amount payable by the Market Participant, including related penalties imposed by ZAR X;
 - (b) the Market Participant shall hand over to ZAR X:
 - (i) such financial records of the Market Participant as ZAR X: Surveillance deems necessary for the identification, protection and return of Client assets; and
 - (ii) the control of all Client assets, but ZAR X shall not withhold from the defaulting Market Participant reasonable access to the financial records of such Market Participant.
 - (c) ZAR X is entitled to recover any amounts due by the defaulting Market Participant to ZAR X from the assets of the defaulting Market Participant.
- 10012 If ZAR X suspends a Market Participant's admission as Market Participant under Rule 10000:
- (a) the period of suspension will be the period that ZAR X considers necessary or desirable. ZAR X may extend the period of suspension if it considers an extension is necessary or desirable;
 - (b) the Market Participant must not hold itself out as Market Participant during a period of suspension; and
 - (c) during a period of suspension, ZAR X may, pursuant to its powers under Rule 10000(c), terminate the admission of the Market Participant.
- 10013 Where ZAR X takes action (including for the avoidance of doubt, gives a direction) under Rule 10000:
- (a) ZAR X will, as soon as practicable, notify the Market Participant of the action taken by ZAR X, and its reasons for taking that action;
 - (b) where the action involves the correction of a Market Transaction under Rule 3250, ZAR X will also notify the other Market Participant which was party to that Market Transaction of that correction, and may include in such notification its reasons for taking that action; and
 - (c) ZAR X may, subject to Rule 5201 (in relation to termination), publish a market notice (or otherwise make an announcement or publication) detailing the action that has been taken, including the name of the Market Participant(s) and any other information which ZAR X considers relevant to such action.
- 10014 ZAR X may regard any of the following events as an event of default by Market Participant:
- (a) if the Market Participant ceases to clear and settle transactions in ZAR X Securities with the ZAR X Designated CSDP and does not then comply with Rule 1003;
 - (b) if the Market Participant is suspended by the ZAR X Designated CSDP from clearing and settling transactions in ZAR X Securities, or is suspended by the ZAR X Designated CSDP from clearing and settling certain ZAR X Securities and does not then comply with Rule 1003;
 - (c) the Market Participant fails to pay any amount due and payable to ZAR X or the ZAR X Designated CSDP or fails to perform any of its obligations to ZAR X or the ZAR X Designated CSDP or fails to comply with any reasonable direction, decision or requirement of ZAR X or the ZAR X Designated CSDP;
 - (d) the Market Participant indicates that it will or may suspend payment to ZAR X or the ZAR X Designated CSDP, or to creditors;
 - (e) the Market Participant is or states that it is insolvent under administration, or ceases or indicates that it will or may cease to carry on business;
 - (f) the Market Participant becomes, or the Market Participant or any other person takes any step which might result in the Market Participant being placed in business rescue or becoming an insolvent under administration;
 - (g) any distress, execution or other process is levied or enforced or served upon or against any property of the Market Participant;
 - (h) an investigator, inspector or other officer is appointed, or an investigation directed or commenced by any other regulatory body to investigate all or part of the affairs of the Market Participant in circumstances which are, in the opinion of ZAR X, material to the capacity of the Market Participant to meet its obligations to other Market Participants, ZAR X or the ZAR X Designated CSDP;
 - (i) the Market Participant does not have the minimum level of capital required under Rule 1020 or fails to comply with any waiver granted under Rules 1030;
 - (j) the Market Participant no longer satisfies the criteria for admission as a Market Participant or fails to comply with any condition of admission as a Market Participant;
 - (k) the Market Participant made a wilful omission or misstatement in respect of a material matter prior to, or in connection with, its application for admission as Market Participant;

- (l) the Market Participant has failed to comply with any of Rules 5010 to 5013 or 5020 to 5026;
 - (m) the Market Participant has failed to comply with a determination made by any other regulatory body;
 - (n) the Market Participant fails to comply with any action taken by ZAR X in accordance with Rule 5100 or the provisions of the ZAR X Enforcement and Appeals Rulebook (including as may be affirmed or varied by the Appeal Tribunal (as the case may be following an appeal against such action) pursuant to the ZAR X Enforcement and Appeals Rulebook); and
 - (o) the Market Participant is suspended, expelled or terminated as a Market Participant or participant of any Licensed Exchange or External Exchange or any clearing house or clearing and/or settlement facility or is subject to sanctions imposed by a South African or overseas regulatory body.
- 10015 If an event, or series of events whether related or not, occurs in relation to a Market Participant which is not an event of default under Rule 10014, including without limitation:
- (a) the Market Participant fails to comply, or indicates that it will or may fail to comply with any of the Rules or the terms of any agreement with ZAR X;
 - (b) the Market Participant fails to comply, or indicates that it will or may fail to comply with any of the rules of, or the terms of any agreement with the ZAR X Designated CSDP;
 - (c) ZAR X is informed by another regulatory body, Licensed Exchange, External Exchange or any clearing house or clearing and/or settlement facility that the Market Participant is not complying with its obligations to that regulatory body, Licensed Exchange, External Exchange, clearing house or clearing and/or settlement facility;
 - (d) where the Market Participant provides Investment Services, the Market Participant breaches a condition of its FAIS license; and ZAR X considers the event or series of events has or may have a material adverse effect on:
 - (e) the capacity of the Market Participant to meet all its obligations to ZAR X, the ZAR X Designated CSDP or other Market Participants; or
 - (f) the financial position of ZAR X, the ZAR X Designated CSDP or the Market Participant; or
 - (g) the Market,
- ZAR X may take any or all of the actions set out in Rule 5160 in relation to the Market Participant as if an event of default under Rule 5161 had occurred.

Return of Client assets

- 10020 ZAR X: Surveillance may assume control of the Client assets referred to in Rule 10011(b)(ii).
- 10021 ZAR X: Surveillance shall take reasonable steps to ensure that:
- (a) any Client assets under the control of the defaulting Market Participant are identified as the Client's property; and
 - (b) only Client assets identified as belonging to the Client and which are unencumbered are returned to the Client or to his order, if so authorised by the Client in writing.
- 10022 The Client shall warrant in writing to ZAR X: Surveillance that he is the lawful owner of any Client assets before such assets are returned to him in terms of Rule 10021.
- 10023 In the event of a shortfall in a Clients' assets held by the defaulting Market Participant such shortfall shall be borne by all of the Clients who hold assets of that particular kind collectively, in proportion to their holdings at the time immediately preceding the occurrence of the default.
- 10024 Before any Client assets are returned to the Client, the Client shall indemnify ZAR X in writing for any loss sustained by or damage caused to any person, including, but not limited to the Client, as a result of anything done or omitted by ZAR X in the *bona fide* exercise of any power, or performance of any duty or function under or by virtue of the above rules, as a result of the return of such assets to the Client and the alienation by the Client of such returned assets in respect of which he is not the lawful owner.
- 10025 Where Client assets are returned to Clients in terms of Rule 10022 and it is thereafter established that ownership of such assets does not vest in the Client, the Client shall immediately return such assets to the control of ZAR X: Surveillance, upon written notification. Where such returned Client assets have been alienated by the Client, the Client shall immediately and in so far as he is able to, effect the return of such assets to the control of ZAR X: Surveillance, upon written notification.
- 10026 ZAR X shall be entitled to recover the costs of returning Clients assets to the Client from the defaulting Market Participant.

Indemnity for action taken

- 10030 Each Market Participant irrevocably appoints severally ZAR X, and every Employee, agent and other representative for the time being of ZAR X, at the option of ZAR X, to be the agent of the Market Participant and irrevocably authorises ZAR X and every Employee, agent and other representative for the time being of ZAR X, at the option of ZAR X, to do all acts and execute all documents on its behalf for the purpose of exercising the powers conferred on ZAR X by Rule 10000.
- 10031 Without limiting Rules 2600 to 2602, none of ZAR X, its Employees, representatives, agents or contractors are liable to a Market Participant or to any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ZAR X by Rule 10000.
- 10032 Each Market Participant indemnifies and will keep indemnified ZAR X and its Employees, representatives, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by any of ZAR X or its officers, employees, representatives, agents or contractors arising out of or in connection with any event of default under Rule 10014, any circumstances under Rule 10015 or any action taken by, or any inaction by, any of ZAR X or its officers, employees, representatives, agents or contractors under Rule 10000.
- 10033 No person need enquire whether any action taken under Rule 10000 is properly or validly taken nor will a person be affected by any notice or claim that any action taken under Rule 10000 is improper or unnecessary.
- 10034 Without limiting Rules 5400 or 5401, the rights, powers and remedies of ZAR X under Rules 10000 to 10133 in relation to a Market Participant survive the termination of the Market Participant's admission as a Market Participant.



Your share of tomorrow

OPERATING PROCEDURES

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SECTION 1 ACCESS TO THE MARKET

ADMISSION OF MARKET PARTICIPANTS

PROCEDURE 1000

A. FAIS Product Categories applicable to Qualifying Advisory License:

	SECURITY
1.8	Securities and Investments: Shares
1.9	Securities and Investments: Money Market Instruments
1.14	Participatory interests in Collective Investment Schemes
1.18	Deposits as defined in Banks Act – 12 months or less

B. FAIS Product Categories applicable to Qualifying Discretionary Management:

	SECURITY
2.6	Securities and Investments: Shares
2.7	Securities and Investments: Money Market Instruments
2.12	Participatory interests in Collective Investment Schemes

PROCEDURE 1010

A. Admission application form

The application form which must be completed by an applicant to be a Market Participant is that form determined by ZAR X from time to time which is available on the following link or on request from ZAR X: [www.zarx.co.za/xxxxxxx].
[Format of Application Form Reserved]

B. Business integrity

In order to satisfy ZAR X that it is of high business integrity an applicant must provide the following information to ZAR X in relation to the applicant:

- (a) any previous bankruptcy, insolvency, receivership, administration, or similar event;
- (b) any charges or convictions for any offences relating to dishonesty, fraud, financial markets-related conduct, or money laundering;
- (c) any fines, banning, suspension or other disciplinary measures for financial markets related conduct;
- (d) any disciplinary action or adverse mention in a report made by, or at the request of, any government or governmental authority or agency, the FSB, the ZAR X Designated CSDP and any other Licensed Exchange or clearing or settlement facility;
- (e) any refusal of membership or revocation of membership of any financial markets-related, legal or accounting professional organisation or body; and
- (f) any refusal of an application for authorised user status (or equivalent status) on another Licensed Exchange by the applicant for ZAR X to obtain details from the relevant Licensed Exchange.

C. Organisational competencies – Market Participant

1. In order to satisfy ZAR X that it has the organisational competencies which are adequate for the performance of its obligations as a Market Participant under these Rules, an applicant must provide to ZAR X:
 - (a) a certification (from the date of admission as a Market Participant in the form prescribed by ZAR X from time to time (and signed by the executive directors and compliance officer of the applicant) that the applicant has developed processes and procedures that are reasonably designed and that when implemented will function, so as to achieve compliance by the applicant with the Rules. In providing this certification to ZAR X the applicant must be able to demonstrate to the satisfaction of ZAR X, at anytime, the basis on which the certification is provided, including the following:
 - (i) the applicant is aware of and understands the obligations contained in the Rules;
 - (ii) the applicant has a compliance programme (designed in accordance with the Generally Accepted Compliance Practice framework developed by the Compliance Institute of South Africa) to regularly assess and monitor its performance against the Rules, readily identify issues and provide continual improvements to its compliance programme as required;
 - (iii) the applicant has, at an organisational level, determined the resource competencies (be they human or systems) required for the adequate performance of its obligations as a Market Participant and that the applicant has a program that monitors performance against these competencies;
 - (iv) the applicant has an initial and ongoing training programme on the Rules (and any associated changes) for its Employees involved in its business as a Market Participant;
 - (v) the applicant has awareness, understanding and can evidence its infrastructure arrangements and infrastructure change management processes (including comprehensive testing programs) specific to its access to the ZAR X Trading Platform and its business as a Market Participant;

- (vi) the applicant has appropriate security and access arrangements, controls and monitoring programmes relating to its infrastructure arrangements specific to access of its Open Interface to the ZAR X Trading Platform;
 - (vii) the applicant has processes in place to ensure it can, provide evidence and produce supporting documentation relevant to the design, implementation and functioning of its compliance program; and
 - (b) details of any service agreements, if the applicant is outsourcing functions to a third party which are material to the applicant's compliance with the Rules; and
 - (c) a statement by the directors of the applicant confirming that the applicant and its management satisfies the fit and proper requirements set out in Procedure 1010(F).
2. In order to satisfy ZAR X that it has the organisational competencies which are adequate for the performance of its obligations as a Market Participant under these Rules an applicant must provide to ZAR X:
- (a) a certification in the form as may be prescribed by ZAR X from time to time (and signed by the executive directors and compliance officer of the applicant) that:
 - (i) at least one executive director of the applicant is:
 - (A) a Stockbroker; or
 - (B) registered under FAIS as a Key Individual;
 - (b) details of any service agreements, if the applicant is outsourcing functions to a third party which are material to the applicant's compliance with the Rules.

D. Organisational competencies – fair and orderly market

In order to satisfy ZAR X that it has the organisational competencies sufficient to prevent any action or inaction which results in a market for a ZAR X Security not being both fair and orderly an applicant must demonstrate to the satisfaction of ZAR X:

- (a) compliance with the Open Interface technical specifications in the form prescribed by ZAR X from time to time;
- (b) that the applicant has mechanism(s) for placing, amending and cancelling orders on the ZAR X Trading Platform; and
- (c) that the applicant has, at all times, a nominated person readily available for ZAR X to contact with the requisite competency and authority to make decisions as a representative of the Market Participant regarding its trading.

E. Organisational competencies – ZAR X Trading Platform

In order to satisfy ZAR X that it has the organisational competencies sufficient to prevent any action or inaction which interferes with the operational efficiency or proper functioning of the ZAR X Trading Platform an applicant must demonstrate to the satisfaction of ZAR X:

- (a) compliance with the technical specifications in the form prescribed by ZAR X from time to time;
- (b) that the applicant has arrangements for connectivity to the ZAR X Trading Platform, including providing details of the location(s) of infrastructure, and details of lines, fibre and networks and that the applicant can evidence a plan of those arrangements to ZAR X at anytime;
- (c) that the applicant has, at all times, a nominated person readily available for ZAR X to contact with the requisite competency and authority to make decisions as a representative of the Market Participant regarding its trading; and
- (d) that the applicant has clearing arrangements in place, including connectivity to the ZAR X Designated CSDP.

F. Fit and proper requirements

1. Subject to any waiver by ZAR X, an Officer, Non-Executive Director or Controlling Shareholder of a Market Participant must:
- (a) be of full legal capacity;
 - (b) comply with such criteria of good character and high business integrity as ZAR X deems fit; and
 - (c) complete a statement and declaration in the form set out in Annexure 1010 (the "Fit and Proper Statement") which shall be submitted to ZAR X by the Chairperson of the Board of Directors of the Market Participant and each page of the statement (including any supplementary pages) shall be signed by:
 - (i) the person deposing to the statement;
 - (ii) the Chairman of the Board of Directors (or their duly appointed representative); and
 - (iii) the Commissioner of Oaths.
2. In determining compliance with 1(b) above, ZAR X will take into account, *inter alia*, whether the person has been:
- (a) convicted of an activity constituting a criminal offence involving fraud, theft, dishonesty or market abuse, whether in the Republic of South Africa or elsewhere;
 - (b) held civilly or administratively liable for, *inter alia*, fraud, theft, dishonesty or market abuse, whether in the Republic or elsewhere;
 - (c) declared to have contravened legislation in respect of market abuse, money laundering or terrorist or related activity, with or without the imposition of an administrative penalty, whether in the Republic or elsewhere;
 - (d) disqualified by a court from acting as a director of a company;
 - (e) the subject of a formal investigation by any regulatory or government agency;
 - (f) expelled, whether as a Market Participant or otherwise, from any Licensed Exchange or External Exchange;
 - (g) employed by or associated with a Market Participant of any Licensed Exchange or External Exchange, which the Market Participant was expelled from that Licensed Exchange and where the person has, in the opinion of ZAR X, contributed to the circumstances leading to the expulsion;
 - (h) declared a defaulter on ZAR X or any other Licensed Exchange or External Exchange;
 - (i) refused entry to or expelled from any profession or vocation or been dismissed or requested to resign from any office or employment, or from any fiduciary office or similar position of trust; or
 - (j) refused approval or had approval involuntarily withdrawn in respect of any status granted by a regulatory authority.

3. Dishonesty or a deliberate omission in an application to ZAR X will result in immediate disqualification of a person's fit and proper status.
4. A Market Participant may not, without the written consent of ZAR X, take into or retain in its employment in any capacity in any business carried on by it as a Market Participant:
 - (a) any person who has within the past 5 (five) years been:
 - (i) expelled from a Licensed Exchange or External Exchange;
 - (ii) refused admission or expelled as a member of a professional institute;
 - (iii) refused approval or expelled as a Key Individual or Representative of a Financial Services Provider under terms of FAIS;
 - (b) any person who is an un-rehabilitated insolvent or has been declared a defaulter by ZAR X or who has been convicted of theft, fraud, forgery, or any other crime involving dishonesty.

PROCEDURE 1020

Minimum capital requirements

A Market Participant must hold liquid assets equal to at least 13 weeks of annual expenditure

For the purposes of this procedure:

"Liquid Assets" means cash and other assets equivalent to cash that can be liquidated without realising a loss on liquidation where:

- (a) 25% of the assets must be capable of being liquidated immediately;
- (b) a further 25% of the assets must be capable of being liquidated in seven days; and
- (c) the remaining 50% of the assets must be capable of being liquidated in 30 days.

"Annual Expenditure" means the expenditure set out in:

- (a) the previous years audited annual financial statement prepared in accordance South African Generally Accepted Accounting Practices or International Financial Reporting Standards.; or
- (b) in the case of an applicant commencing business, the budgeted expenditure as expressed in its budget or other accounts less:
 - (i) staff bonuses;
 - (ii) sharing in profits by employees, directors, partners and members;
 - (iii) emoluments of directors, members, partners and a sole proprietor;
 - (iv) other appropriation of profits to directors, members and partners; and
 - (v) fifty percent of the commission of representatives not forming part of their salary.

PROCEDURE 1110

ZAR X Designated CSDP

Computershare Proprietary Limited (Registration number 2000/006082/07) who for the purposes of the Rules is referred to as the ZAR X Designated CSDP.

PROCEDURE 1111

ZAR X Designated CSD

Strate (Proprietary) Limited (Registration number 1998/022242/07) who for the purposes of the Rules is referred to as the ZAR X Designated CSD.

PROCEDURE 1120

Requirements for a Compliance Officer

1. A person appointed as a compliance officer of a Market Participant:
 - (a) must comply with the fit and proper requirements set out in Procedure 1010 (F); and
 - (b) have:
 - (i) obtained a pass in the prescribed FAIS compliance officer examination; or
 - (ii) been awarded the CPrac (CI(SA)) professional designation by the Compliance Institute of South Africa; or
 - (iii) have obtained a pass in a compliance officer examination prescribed by another Licensed Exchange;
 - (c) if required, be able to evidence to ZAR X that they have subsequently maintained an adequate knowledge of the FMA, FAIS and the Rules and Procedures.
2. The requirements of 1(b) above are waived where a person is registered as a compliance officer in terms of FAIS or of another Licensed Exchange.

TRADING

PROCEDURE 1200

Requirements for Trading Permission

[Reserved]

PROCEDURE 1210

Requirements for an Authorised Trader

1. A person appointed as an Authorised Trader of a Market Participant:
 - (a) must comply with the Fit and Proper Requirements set out in Procedure 1010(F);
 - (b) have:
 - (i) obtained a pass in an examination as may be prescribed by ZAR X from time-to-time; or
 - (ii) obtained a pass in a compliance officer examination prescribed by another Licensed Exchange; or
 - (iii) at any time in the past three years been approved by an authorised user and registered with a Licensed Exchange or an External Exchange to enter and execute orders through a trading platform.

PROCEDURE 1220

DMA Access

A Market Participant must apply for Trading Permission to implement Direct Market Access ("DMA") to clients of the Market Participant. To obtain Trading Permission for DMA, a Market Participant must be able to demonstrate to the satisfaction of ZAR X that the DMA meets all of the following requirements:

Responsible use of DMA

1. A Market Participant, which permits DMA, must at all times ensure that such use does not interfere with:
 - (a) the efficiency and integrity of the Market;
 - (b) the proper functioning of the ZAR X Trading Platform.

Clients use of DMA

2. A Market Participant which permits DMA must have procedures in place to ensure that each client has demonstrated to the Market Participant:
 - (a) knowledge of the DMA of the Market Participant; and
 - (b) the Rules and Procedures of ZAR X relevant to the Trading Permission of the Market Participant.

DMA requirements

3. A Market Participant applying to provide DMA must be able to demonstrate, to the satisfaction of ZAR X, that it has:
 - (a) controls, including automated controls, that enable immediate suspension, limitation or prohibition of a clients DMA access;
 - (b) controls that enable immediate:
 - (i) suspension of, limitation of, or prohibition on, the entry into the Market of Trading Messages where the Market Participant has identified that the Trading Messages in a series entered into the ZAR X Trading Platform have interfered with or are likely to interfere with the efficiency or integrity of the Market;
 - (ii) correction of Trading Messages in a series that have already entered the Market where the entry of further messages in the series has been suspended, limited or prohibited under subparagraph (i);
4. A Market Participant applying to provide DMA must be able to demonstrate, to the satisfaction of ZAR X, that the DMA meets all of the following requirements:
 - (a) Avoidance of Erroneous Orders and Manipulative Practices
The DMA must ensure that orders are not submitted to the ZAR X Trading Platform or left open in the ZAR X Trading Platform where such orders could result in erroneous trades, a false appearance of trading activity or an artificial price for a security.
 - (b) Management of Order Limits and Order Types
Adequate controls should be implemented to ensure that orders are within the normal trading patterns of the relevant clients. The DMA should also be able to limit the life of an order and be able to control each of the relevant order types.
 - (c) Settlement Assurance
The DMA must be able to verify, before submitting any orders to the ZAR X Trading Platform, the capacity of the client to settle trades resulting from orders processed via the application through checks on availability of funds and ZARX Securities and in respect of Restricted ZARX Securities that the Client is an Eligible Purchaser.
 - (d) Adherence to Trading Sessions
The DMA must be able to detect and react to the various ZAR X defined trading sessions.
 - (e) Maintenance of Audit Trails
The DMA must be able to identify the source of all order details submitted to the and must ensure and be able to evidence the maintenance of the integrity of the order details from the receipt thereof by the Market Participant to the submission of the Trading Messages to the ZAR X Trading Platform.
 - (f) Adherence to the Rules and Procedures
All Trading Messages submitted to the ZAR X Trading Platform by the DMA and the trades resulting from those Trading Messages must comply with the requirements of the Rules and Procedures.
 - (g) Adherence to security and technical requirements
The technical specifications of the DMA must comply with the [ZAR X Users Specification Documentation] and must ensure that the operation of the application will not adversely impact the operation of the market. Access to the application software and the data utilised by that software must be strictly controlled to prevent undue manipulation.

Request for further information

5. ZAR X may from time to time request such information from a Market Participant as ZAR X deems necessary to monitor the usage by Market Participants that provide DMA and to assess the effectiveness of the measures implemented by the Market Participant to control the use of such applications on an ongoing basis.

Trade identification

6. A Market Participant that provides DMA shall ensure that ZAR X allocates one or more identification numbers to the Market Participant which will facilitate the identification of orders processed as being DMA orders.

PROCEDURE 1221

DMA application form

[Reserved]

ONGOING REQUIREMENTS

PROCEDURE 1500

General requirements – notifications

A Market Participant must notify ZAR X of the following matters:

1. **Change of name or address:**

A Market Participant must notify ZAR X in writing of the following changes before they become effective:

- (a) any change to the Market Participant's name, or any name under which the Market Participant carries on business; or
- (b) any change to any address at which the Market Participant carries on business.

The notice must include full details of the change.

2. **Change of Officer, Non-Executive Director or Authorised Trader:**

A Market Participant must notify ZAR X in writing:

- (a) within 10 Business Days of the appointment, resignation or removal of a director; and
- (b) immediately of the appointment, resignation or removal of a Compliance Officer or Authorised Trader.

The notice must include full details of the change.

3. **Circumstances affecting license**

A Market Participant must immediately advise ZAR X in writing of

- (a) the granting of an application for, or the revocation of, any registration, authorisation or licence which may bear upon or be associated with its business as a Market Participant of ZAR X;
- (b) if there is any change to a licence or other authorisation which authorises the Market Participant to carry on its activities as a Market Participant;

4. **Regulatory action**

If a Market Participant is informed by the FSB, another Licensed Exchange, an External Exchange, the ZAR X Designated CSDP or any other regulatory body to which it is subject that action is being or may be taken by it against the Market Participant or any of its Officers or Employees, the Market Participant must immediately notify ZAR X in writing of full details of that information.

5. **Notification of amount and period of compensation cover**

A Market Participant must:

- (a) notify ZAR X in writing within 10 Business Days following the issue of a new professional indemnity (or equivalent) insurance policy or the renewal of an existing professional indemnity (or equivalent) insurance policy of:
 - (i) the amount and nature of cover which the Market Participant has under Rule 1520;
 - (ii) the date on which the cover became effective; and
 - (iii) the date on which the cover will expire.
- (b) A Market Participant must renew that cover with effect from no later than its expiry to comply with Rule 1520.
- (c) The Market Participant must, at the time it notifies ZAR X of the issue or renewal of the policy, give ZAR X a copy of the certificate of insurance.

6. **Notification of claims**

A Market Participant must immediately notify ZAR X of any notification to its insurer of any claim, potential claim or circumstance that might give rise to a claim and must include the following details:

- (a) any circumstance which is likely to give rise to a claim or potential claim against the Market Participant;
- (b) the receipt of a notice from any person of any intention to make a claim or potential claim against the Market Participant; and
- (c) the details of any claim, potential claim or circumstance against the Market Participant, including the gross contingent liability, the net contingent liability, the full name of the Market Participant's insurer and the date the Market Participant notified its insurer of the claim, potential claim or circumstance.

7. **Commencement of legal proceedings**

A Market Participant must immediately notify ZAR X in writing:

- (a) if a Market Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Market Participant, the ZAR X Designated CSDP, a regulatory authority or a client in connection with their role as a Market Participant; and

- (b) those legal proceedings may affect the operations of the Market Operator, or the interpretation of these Rules or the Market Operating Rules, the Market Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify ZAR X in writing of the particulars of the proceedings.

8. **Provision of further information**

Market Participants must provide ZAR X with further information which ZAR X reasonably requests in relation to any insurance policy, compensation arrangement or actual or potential claim or circumstance notified to ZAR X under (g) or (h) above.

9. **Change in financial year end or auditor**

Market Participants must notify ZAR X of:

- (a) any changes to a Market Participant's financial year end, within five Business Days of the change taking effect; and
- (b) the appointment, removal or resignation of an auditor, no more than five Business Days after the event.

10. **Change in information provided to ZAR X**

A Market Participant must immediately advise ZAR X in writing if there is any other material change in information concerning the Market Participant's business from that previously provided to ZAR X.

11. **Financial distress**

A Market Participant must immediately advise ZAR X in writing of any circumstances whereby the Market Participant is placed in liquidation, whether provisional or final, or placed under business rescue proceedings or if any other judicial proceeding or court application for an insolvency proceeding is initiated, or the company files a resolution to such effect or has an insolvency administrator appointed to it;

12. **Fit and proper**

A Market Participant must immediately advise ZAR X in writing of:

- (a) any event or circumstance which has or may have any bearing on whether an Officer, Non-Executive Director, Authorised Trader or Controlling Shareholder fails to meet the fit and proper requirements as stipulated in the Procedures; or
- (b) the dismissal of an employee for committing or attempting to commit an act which is dishonest or fraudulent.

PROCEDURE 1510

A. Operational requirements

A Market Participant must have the resources and competencies specified in the Procedure to Rule 1510(a)(ii). For the avoidance of doubt, this includes providing to ZAR X copies of any compliance, audit or other annual report or certification provided to another Licensed Exchange or any other regulator. The copies must be provided to ZAR X at the same time as they are provided to the other Licensed Exchange or regulator.

B. Orders

The additional matters referred to in Rule 1510(b) that a Market Participant must have arrangements to determine include:

- (a) the order that corresponds to a Trading Message;
- (b) the Open Interface Device of the Market Participant through which the Trading Message was submitted; and
- (c) whether the Trading Message was submitted on the Market Participant's own account or for a client.

C. Record keeping period

The period which a Market Participant must maintain records of the matters referred to in Rule 1510 and Procedure 1510 (B) is six months.

SECTION 2 GENERAL RULES

OPERATION OF RULES AND PROCEDURES

PROCEDURE 2033

Waiver

For the purposes of Rule 2033:

- (a) the register will set out:
 - (i) the date that the relief takes effect;
 - (ii) the person or class of person relieved from the obligation;
 - (iii) the provision to which the relief applies;
 - (iv) brief reasons for the relief; and
 - (v) any conditions that apply to the relief.
- (b) a copy of the information set out in (a) above will be made available on [www.zarx.co.za].

FEES AND LEVIES

PROCEDURE 2200

Fees and levies imposed by ZAR X

The fees and levies imposed by ZAR X on Market Participants are as set out in Appendix 2200 as amended from time to time.

PERSONS ACTING FOR MARKET PARTICIPANT

PROCEDURE 2310

Authorised signatories

For the purposes of Rule 2310 the Market Participant must submit a list to ZAR X: Markets which specifies the title, function and contact details of each of the persons authorised by the Market Participant to deal with trading issues (including requesting corrections of trades or agreeing to requests for trade corrections) in connection with the operation of its business as a Market Participant. The Participant must submit its list of authorised signatories via [ZAR X Online].

RECORDS, INFORMATION, RETURNS AND RECORDINGS

PROCEDURE 2500

Record format

1. Records or other documents required to be produced and kept under the Rules ("Records") may be kept in hard copy (paper) format or in any electronic format acceptable to ZAR X.
2. Records must be readily accessible by ZAR X and readily converted into writing in the English language. ZAR X may direct a Market Participant to convert records into writing and into English. That direction must be complied with by the time specified by ZAR X when giving the direction.
3. Electronic Records are records kept or stored in electronic form on a computer or other electronic storage device which were either originally created in an electronic form, or which were converted from any non-electronic form, to an electronic form.
4. A Market Participant must comply with the following minimum requirements when keeping Electronic Records:
 - (a) Paper Records transferred to Electronic Records must be copied completely and accurately, for example, the use of imaging to provide information in a format identical in all respects to the source-paper document. A black and white scan of a coloured document is acceptable, unless the colours in the original document are material to understanding the information. The addition of information such as index referencing is also acceptable, provided the additional information does not obscure the original information and the additional information must be distinguishable as additions to the original record.
 - (b) Electronic Records must be in an acceptable electronic form that satisfies the standards contained in the ECTA in which case source-paper documents or other non-electronic records from which the complete information is transferred and stored in electronic form, may be destroyed after transfer to the electronic form.
 - (c) Electronic Records that are in an acceptable electronic form are Electronic Records where:
 - (i) the integrity of the Electronic Record satisfies the standard contained in section 14 of the ECTA;
 - (ii) the Market Participant is able to within seven days of a request made by ZAR X:
 - (A) provide ZAR X with an electronic copy of the Records in a format that ZAR X is able to readily access, read and correctly analyse;
 - (B) send the Records to ZAR X in an electronic form that is readily accessible by ZAR X;
 - (C) provide ZAR X with a legible hard (paper) copy of the Record in the size in which it was originally copied.
 - (d) Electronic Records must be kept and maintained at a place physically located in South Africa unless a waiver is granted by ZAR X.
 - (e) A Market Participant must be able to demonstrate that their electronic records systems are secure from both unauthorised access and data alterations. This usually involves developing and documenting a security programme that:
 - (i) establishes controls to ensure that only authorised personnel have access to Electronic Records;
 - (ii) provides for adequate storage and back up of Electronic Records;
 - (iii) ensures that personnel are trained to safeguard sensitive or classified Electronic Records; and
 - (iv) minimises the risk of unauthorised alteration, addition or erasure of Electronic Records.

MISCELLANEOUS

PROCEDURE 2701

Notice, notification and service of documents

1. For the purposes of Rule 2701, unless otherwise specified elsewhere in the Procedures or in correspondence with a Market Participant, documents couriered or delivered to ZAR X should be addressed to the person holding the following position:

Director: ZAR X Markets
ZAR X (Proprietary) Limited
2nd Floor, Lacey Oak House
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston Drive
2021
Telephone number: [011 8666 8666]
Email address: [markets@zarx.co.za]

2. For the purposes of Rule 2701, the manner in which a notice may be given is as follows:

- (a) Notice to ZAR X:

Notice to ZAR X may be given by:

- (i) delivering it personally to the person specified above or otherwise specified in correspondence with the Market Participant;
- (ii) sending it by courier to the address specified above or otherwise specified in correspondence with the Market Participant;
- (iii) updating the Market Participant's corporate details on [ZAR X Online] where applicable, unless otherwise directed by ZAR X;
- (iv) submitting it via the web-based system interface known as [ZAR X Compliance Monitor ("ZCM")] where applicable, unless otherwise directed by ZAR X; or
- (v) specific email by any method which identifies a ZAR X department or a ZAR X employee's name or title as addressee and no notice of non-delivery has been received.

- (b) Notice by ZAR X:

ZAR X may give notice to any person, firm or corporation by any of the following methods:

- (i) delivering it to the recipient personally;
- (ii) sending it by courier to the address of the recipient last notified to ZAR X;
- (iii) a circular or bulletin addressed to a class of persons and delivered or communicated by any means permitted under this Procedure;
- (iv) specific email by any method which identifies a person or person's title as addressee and no notice of non-delivery has been received;
- (v) broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, was as reliable as appropriate for the purposes for which the information was communicated; or
- (vi) sending it via the web-based system known as ZCM.

PROCEDURE 2702

Delivery of documents

For the purposes of Rule 2702, the time and manner is as follows:

Notice by:

- (a) Courier is taken to be given at the time of delivery to the address referred to in Procedure 2701;
- (b) Email, under Procedure 2701 is taken to be given two hours after the time the email enters the recipient's information system, unless a response to the contrary is received (e.g. an out of office notification); and
- (c) The web-based system known as ZCM is taken to be given at the time which that system records the transmission.

For the purposes of the Rules, a notice given in accordance with Procedure 2701 to a person is received by that person at the time it is taken to be given to that person under this Procedure 2702.

SECTION 3 TRADING RULES ORDERLY TRADING

PROCEDURE 3110

Technical failure

1. Consequences of suspension or restriction of trading for technical failure

The ZAR X Trading Platform will be placed in the Pre-Open Session State prior to the re-commencement of normal trading (in Open Session State, or other appropriate, Session State).

ZAR X will:

- (a) If possible, restore the ZAR X Trading Platform as it appeared prior to the suspension taking effect; and
- (b) notify Market Participants of the times that the Pre-Open Session State will begin, when normal trading will resume and if applicable whether the ZAR X Trading Platform has been restored.

2. Resumption of trading following suspension or restriction of trading for technical failure

Following a suspension or restriction of trading under Rule 3110, ZAR X will notify Market Participants of the time at which trading will resume and if it will be possible to restore the ZAR X Trading Platform to how it appeared prior to the suspension or restriction taking effect.

PROCEDURE 3111

Notification of Trading Message failure

A Market Participant must notify ZAR X: Markets immediately by telephone if it is unable to transmit or receive Trading Messages.

PROCEDURE 3120

Communications with the ZAR X Trading Platform

Steps which may be taken by ZAR X under Rule 3121 include the following:

- (a) giving instructions or directions to the Market Participant to prevent or minimise impairment to those communications of Trading Messages with the ZAR X Trading Platform or the correct processing of those Trading Messages;
- (b) suspending the Trading Permission of the Market Participant until ZAR X is satisfied that the ability of the Market Participant to communicate Trading Messages reliably with the ZAR X Trading Platform or to correctly process those Trading Messages is or will no longer be impaired; or
- (c) suspending the connection to the ZAR X Trading Platform of any Open Interface Device of the Market Participant until ZAR X is satisfied that the ability of the Market Participant to communicate Trading Messages reliably with the ZAR X Trading Platform, or to correctly process those Trading Messages is or will no longer be impaired.

CORRECTIONS, DEALING DISPUTES AND ANOMALOUS ORDER THRESHOLD

PROCEDURE 3200

Request for Correction

Procedure 3200 – Request for Correction

TIMING ACTION

Initial telephone request	<p>A Market Participant, via its Authorised Signatories, must notify ZAR X: Markets by telephone [011 📞📞📞📞] within 5 (five) minutes of the trade occurring that it requests a trade to be considered for correction if it is within the Qualifying Correction Range (QCR). Only ZAR X may facilitate the correction of trades.</p> <p>Participants must not self-correct trades except where specifically authorised in this Procedure. If a Market Participant does not wish that a trade within the QCR is cancelled, the Market Participant does not need to notify ZAR X: Markets.</p>
Subsequent information required	<p>After the initial telephone request, the request for correction must be emailed to ZAR X: [markets@zarx.co.za] within 5 (five) minutes. The email request must include the following information:</p> <ul style="list-style-type: none"> • time of execution; • ZAR X code; • number of shares • price; • trade number; and/or • order number.
Time limit	<p>ZAR X will not facilitate the requested correction of a trade where the request was not made in accordance with the above timing</p>

Notification by ZAR X of request	ZAR X shall, as soon as possible, send a message to the market notifying that a correction is being requested and will provide the trade number(s) for the trade(s) if it is available and ZAR X can identify the trade. ZAR X may send this notification prior to receiving the email from the Market Participant so as to give the market warning about the trade investigation. However, if the Market Participant's email is not received within the five minute time frame ZAR X will not continue to action the request for correction.								
Correction ranges	<p>On receipt of the email request, ZAR X will refer to the Reference Price for the ZAR X Securities and then assess whether the trade qualifies for correction during continuous trading as follows:</p> <table border="1" data-bbox="456 387 1398 696"> <thead> <tr> <th data-bbox="456 387 715 432">Range</th> <th data-bbox="722 387 1398 432">Outcome</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 434 715 501">At or within the NCR (No Correction Range)</td> <td data-bbox="722 434 1398 501">The trade will not be corrected.</td> </tr> <tr> <td data-bbox="456 504 715 595">At or within the QCR (Qualifying Correction Range)</td> <td data-bbox="722 504 1398 595">The trade will only be corrected if the Market Participant counterparty to the trade consents within 5 minutes from contact by ZAR X: Markets.</td> </tr> <tr> <td data-bbox="456 598 715 696">At or within the ETR (Extreme Trade Range)</td> <td data-bbox="722 598 1398 696">ZAR X will correct the trade subject to any exceptions. If a Participant has requested a correction and the trade is determined by ZAR X to be within the ETR, Rule 3200 ceases to apply and Rule 3210 applies.</td> </tr> </tbody> </table>	Range	Outcome	At or within the NCR (No Correction Range)	The trade will not be corrected.	At or within the QCR (Qualifying Correction Range)	The trade will only be corrected if the Market Participant counterparty to the trade consents within 5 minutes from contact by ZAR X: Markets.	At or within the ETR (Extreme Trade Range)	ZAR X will correct the trade subject to any exceptions. If a Participant has requested a correction and the trade is determined by ZAR X to be within the ETR, Rule 3200 ceases to apply and Rule 3210 applies.
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At or within the ETR (Extreme Trade Range)	ZAR X will correct the trade subject to any exceptions. If a Participant has requested a correction and the trade is determined by ZAR X to be within the ETR, Rule 3200 ceases to apply and Rule 3210 applies.								
Notification by ZAR X of correction once ZAR X determines the trade is within the Qualifying Correction range	<p>Where a decision regarding correction of a trade has been effected, ZAR X: Markets shall notify the affected Market Participants of the decision and send a message to the market. If the trade is within the QCR and therefore, eligible for correction under Rule 3200, once ZAR X: Markets has been advised by the Market Participant who initiated the correction request, ZAR X will contact the authorised signatory (under Rule 6510) of the Market Participant that is the counterparty to the Market Transaction(s) and seek confirmation that the counterparty has agreed to the correction. The Market Participant counterparty to the transaction(s) is under no obligation to agree to the trade correction request.</p> <p>Market Participants may provide a standing instruction to ZAR X: Markets to not accept counterparty requests for correction in the QCR in which case the counterparty will not be contacted and the trade will not be corrected. If the Market Participant counterparty does not agree to the trade correction within 5 (five) minutes from contact by ZAR X: Markets, the initiator Market Participant will be informed and the trades will stand. If an agreement is reached, ZAR X will inform the initiator Market Participant and will then facilitate the correction of the trade(s). ZAR X will notify the ZAR X Designated CSDP of the correction.</p> <p>The parties to the Market Transaction will remain anonymous unless their identity is already disclosed in accordance with the Rules.</p>								
Counterparty Client consent	Where ZAR X obtains relevant counterparty consent for the trade to be corrected such consent is provided on the understanding that the counterparty has sought and received its Client's consent for such correction and can produce that consent at that time if requested.								
Correction conditions	<p>The correction may be subject to such condition(s) as ZAR X sees fit, including but not limited to, the following:</p> <p>(a) the acceptance, by the Market Participant who has requested the correction, or has originally executed the trade, of a trade executed by another Market Participant in reliance on the trade corrected; or</p> <p>(b) the acceptance of a trade to correct the trade.</p> <p>The Market Participant shall comply with any such condition.</p>								
Correction fee	<p>ZAR X will impose a correction fee as specified in the fee schedule on the Market Participant responsible for the trade. The fee will be levied individually on each order that results in a trade being corrected under this Rule capped at five orders. The cap on five orders relates to a series of orders that result in transactions that are corrected within 10 minutes of the first transaction being corrected.</p> <p>Note:</p> <p>Example 1:</p> <p>If 9 Orders result in seven transactions that execute between 11:10 and 11:15 and those transactions are corrected, the Participant will be charged 5 x the correction fee. If the remaining two orders result in transactions that execute between 11:40 and 11:50 and these two transactions are corrected, the Participant will be charged 2 x the correction fee.</p> <p>Example 2:</p> <p>If 1 order results in 1 000 transactions that execute then only 1 x the correction fee is charged.</p>								

QCR and NCR correction exceptions	<p>ZAR X System or Process Issue</p> <p>In the event that trades result from any ZAR X system or process issue, any resulting trade notified to ZAR X: Markets may, in ZAR X's discretion, be corrected (regardless of the range the trade falls within or when ZAR X identifies the issue).</p> <p>Other ZAR X Rules and Approved Clearing Facility Rules</p> <p>Rule 3200 and this Procedure are subject to and may be overridden by any ZAR X Rule that allows or disallows correction and any correction rule of the ZAR X Designated CSDP.</p>
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Correction ranges for ZAR X Securities	<table border="1"> <thead> <tr> <th>QCR</th> <th>NCR</th> <th>QCR</th> <th>ETR</th> </tr> </thead> <tbody> <tr> <td>0.1 – 9.9 c</td> <td>0 – 4 c</td> <td rowspan="13" style="text-align: center;">The range above the NCR and below the ETR</td> <td>> 10 c</td> </tr> <tr> <td>10 – 15.5 c</td> <td>0 – 4 c</td> <td>> 30 c</td> </tr> <tr> <td>16 – 99.5 c</td> <td>0 – 10 c</td> <td>> 30 c</td> </tr> <tr> <td>100 – 119.5 c</td> <td>0 – 10 c</td> <td>> 50 c</td> </tr> <tr> <td>120 – 199.5 c</td> <td>0 – 15 c</td> <td>> 50 c</td> </tr> <tr> <td>200 – 234 c</td> <td>0 – 15 c</td> <td>> 50%</td> </tr> <tr> <td>235 – 499 c</td> <td>10%</td> <td>> 50%</td> </tr> <tr> <td>500 – 699 c</td> <td>10%</td> <td>> 40%</td> </tr> <tr> <td>700 – 999 c</td> <td>10%</td> <td>> 35%</td> </tr> <tr> <td>1 000 – 1 999 c</td> <td>10%</td> <td>> 30%</td> </tr> <tr> <td>2 000 – 4 999 c</td> <td>10%</td> <td>> 25%</td> </tr> <tr> <td>> 4 999 cents</td> <td>10%</td> <td>> 20%</td> </tr> </tbody> </table>	QCR	NCR	QCR	ETR	0.1 – 9.9 c	0 – 4 c	The range above the NCR and below the ETR	> 10 c	10 – 15.5 c	0 – 4 c	> 30 c	16 – 99.5 c	0 – 10 c	> 30 c	100 – 119.5 c	0 – 10 c	> 50 c	120 – 199.5 c	0 – 15 c	> 50 c	200 – 234 c	0 – 15 c	> 50%	235 – 499 c	10%	> 50%	500 – 699 c	10%	> 40%	700 – 999 c	10%	> 35%	1 000 – 1 999 c	10%	> 30%	2 000 – 4 999 c	10%	> 25%	> 4 999 cents	10%	> 20%
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Reference Price	<p>There is both a static ETR Reference Price and a dynamic Anomalous Order Threshold (AOT) Reference Price.</p> <p>ETR Reference Price</p> <p>The ETR Reference Price is a static reference price which is the price of the opening transaction or if the price of the opening transaction is invalid, a price determined by the ZAR X to be not Invalid. ZAR X will apply a Trading Halt Session State for a period of two minutes to facilitate the resetting of the Reference Price.</p> <p>NCR/AOT Reference Price</p> <p>The NCR/AOT Reference Price is a dynamic reference price which is updated every three minutes.</p> <p>Trading Halt/Trading Pause</p> <p>ZAR X will apply a Trading Halt Session State for two minutes as follows:</p> <ul style="list-style-type: none"> during continuous trading the NCR/AOT range has moved such that trades would occur in the ETR so that the ETR Reference Price, ETR and NCR/AOT range may be reset; to reset the ETR Reference Price where ZAR X has determined that the opening transaction price is invalid.
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PROCEDURE 3210

Correction of Trades in the Extreme Trade Range

Procedure 3210 – Correction of Trades in the Extreme Trade Range	
Application	ZAR X may cancel trades under this Rule whether or not it has received a request from a Participant under Rule 3200 – Request for Correction.
Notification by ZAR X of trade investigation	Where the trade is notified to ZAR X: Markets or identified by ZAR X: Markets as likely to be within the ETR, ZAR X shall, as soon as possible, send a message to the market.
Notification by ZAR X of outcome	Where a decision regarding correction of a trade has been effected, ZAR X: Markets shall on a best endeavours basis notify the affected Market Participants of the decision prior to the correction and send a message to the market.
Correction conditions	The same correction conditions apply as in Procedure 3200.
Correction fee	The same correction fees apply as in Procedure 3200.

TRADING OF ZAR X SECURITIES

PROCEDURE 3400

Suspensions and Trading Halts

At the termination of the period of suspension, trading in the ZAR X Securities which are the subject of the suspension, proceeds to Open Session State after a period of Post Halt Auction Session State.

PROCEDURE 3402

Manner of dealing during Trading Halt

1. ZAR X Securities subject to a trading halt will be placed into Trading Halt Session State.
2. A trading halt will end at the earlier of:
 - (a) the time announced by ZAR X that the trading halt will end (and ZAR X will provide at least ten minutes notice before the end of the trading halt); or
 - (b) subject to paragraph (c) below (if applicable), the commencement of Open Session State on the second Trading Day after the day the trading halt is imposed; or
 - (c) if the trading halt is imposed after the end of that day's Closed Session State, the commencement of Open Session State on the third Trading Day after the trading halt is imposed.
3. Following the end of a Trading Halt Session State the system will be placed into Post Halt Auction State.

REPORTING

PROCEDURE 3401

1. Reporting of Off Book Orders in ZAR X Securities

The reporting of Off Book Orders required under Rule 3401 must be performed via the trade reporting functionality on the ZAR X Trading Platform unless otherwise reported automatically as provided for in the Rules.
2. Trades reported via the ZAR X Platform

Transactions required to be reported to ZAR X under Rule 3401 must be reported through the ZAR X Platform by Market Participants using the trade report function in conjunction with the relevant condition code in accordance with the directions set out below:

 - (a) **"BT" condition code – Reporting of Block Trades**

Where a Market Participant effects a Block Trade as set out in these Procedures, the Market Participant must immediately report the transaction to the ZAR X Trading Platform in conjunction with the condition code "BT".
 - (b) **"PT" condition code – Reporting of "Portfolio Transfer"**

Where a Market Participant effects a Portfolio Transfer the Market Participant must immediately report the transaction to the ZAR X Trading Platform in conjunction with the condition code "PT".
 - (c) **"PX" condition code – Reporting of "Portfolio Cross"**

Where a Market Participant effects a Portfolio Transfer the Market Participant must immediately report the transaction to the ZAR X Trading Platform in conjunction with the condition code "PX".
 - (d) [Reserved]
3. Where a Market Participant effects an Off Book Order in accordance with Procedure 4810 paragraph 2 during all Session States other than the System Maintenance and Closed Session States, the Market Participant must immediately report the transaction to the ZAR X Trading Platform in conjunction with the condition code referred to below.
4. Where a Market Participant effects an Off Book Order in accordance with Procedure 4810 paragraph 2 during the System Maintenance and Closed Session States, the Market Participant must report the transaction to the ZAR X Trading Platform in conjunction with the condition code referred to below no later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between midnight and the commencement of Open Session State on the Trading Day).
5. Where a Market Participant effects an Off Book Order which meets the requirements in Procedure 4810 paragraph 2, the Market Participant must:
 - (a) Immediately advise ZAR X: Markets via the ZAR X Trading Platform of the following details:
 - (i) the identity of the Market Participant;
 - (ii) the number of ZAR X Securities;
 - (iii) the price of the trade; and
 - (iv) the code of the ZAR X Securities
 - (b) Report the Off Book Order to the ZAR X Trading Platform in conjunction with the condition code referred to below:
 - (i) not later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day if the trade is effected before 13:00 on the previous Trading Day; or
 - (ii) not later than 13:00 on the next Trading Day if the trade is effected after 13:00 on the previous Trading Day.

SECTION 4 EXECUTION, QUOTE DISPLAY AND REPORTING SERVICES

GENERAL RULES RELATING TO THE ZAR X TRADING PLATFORM

PROCEDURE 4000

Components of the ZAR X Trading Platform

[Reserved]

PROCEDURE 4001

Trading Calendar

For the purposes of Rule 4001 the ZAR X Trading Platform will operate on every Business Day at the times set out in Appendix 4001;

PROCEDURE 4013

Session States

For the purposes of Rule 4013:

- (a) the parameters applicable during particular Session States are as set out in Appendix 4013 Part 1;
- (b) subject to (c) below Session States will apply at the times and in respect of the ZAR-Securities indicated in Appendix 4013 Part 2 unless otherwise notified by ZAR X to Market Participants;
- (c) Session States which apply when ZAR X receives information in relation to an Issuer which, in the opinion of ZAR X, is market sensitive are set out in Appendix 4013 Part 3.

PROCEDURE 4021

Quotation

ZAR X will adjust the basis of quotation for ZAR X Securities to reflect Corporate Actions and advise the market of such changes on the morning of the day that such Corporate Action takes effect or as soon as event information is available thereafter. These adjustments will be made visible to the market through the ZAR X Trading Platform.

PROCEDURE 4030

Permitted Order Types

A Market Participant may place the following Order types in the ZAR X Trading Platform:

- (a) Limit Order
- (b) Market Order
- (c) Market-On-Close Order
- (d) Limit-On-Close Order
- (e) Stop Order
- (f) Stop Limit Order
- (g) Iceberg Order
- (h) Off Market Order

PROCEDURE 4041

Pre Trade Disclosure

For the purposes of Rule 4041, the exceptions are:

1. Iceberg Orders

Subject to the Minimum Amount set out in Procedure 4042, a Market Participant may enter an Order as an Iceberg Order, whereby only the Disclosed Portion is disclosed to the market on the ZAR X Trading Platform, in the circumstances set out as follows:

- (a) Subject to the prohibitions set out in (b) below, a Market Participant may enter an Order that exceeds the following minimum Disclosed Portion:

Securities	Volume
Equities	500
[Reserved]	

- (b) The Disclosed Portion must be equal to the lower of the amount set out in (a) above and the Residual Amount (from time to time);
 - (i) the total Order quantity must not exceed 100 times the Disclosed Portion of the Order;
 - (ii) only the Disclosed Portion of the Iceberg Order is disclosed to the market on the ZAR X Platform;
 - (iii) if part of the Disclosed Portion is matched against an Order in the ZAR X Platform, giving rise to a Market Transaction, then the Disclosed Portion will be reduced by the amount so matched;
 - (iv) once the Disclosed Portion reaches zero, due to the operation of paragraph (iii) above, an amount of the Undisclosed Portion equal to the lesser of the amount set out in the Procedures under paragraph (a) and the Residual Amount will immediately become the Disclosed Portion; and
 - (v) the position of the Iceberg Order (from time to time) In Price/Time Priority is determined in accordance with Procedure 4051.

2. [Reserved]

PROCEDURE 4042

Minimum amount

The minimum total amount for an Undisclosed Order in accordance with Rule 4042 is R250 000.

ZAR X may prescribe that Market Participants are prohibited from:

- (a) entering an Order which does not disclose the quantity of ZAR X Securities the subject of the Order;
 - (b) amending an Order which discloses the quantity of ZAR X Securities the subject of that Order to an Order which does not disclose the quantity;
 - (c) amending a previously entered Order which does not disclose the quantity of ZAR X Securities the subject of the Order in any of the following ways:
 - (i) to increase the quantity of that Order;
 - (ii) if an Order is a Bid, to increase the Bid price; or
 - (iii) if the Order is an Offer, to decrease the Offer price;
- in any Session State, or part of a Session State, as determined by ZAR X.

PROCEDURE 4043

Anomalous Order Thresholds

Procedure 4043 – Anomalous Order Thresholds																											
Application	<p>The Anomalous Order Threshold (“AOT”) applies to ZAR X Securities during continuous trading in the Open Session State.</p> <p>Anomalous Order Threshold Reference Price</p> <p>The AOT Reference Price is the same as the NCR Reference Price. It is a dynamic price updated approximately every [3] minutes set at the same level as the extreme of the NCR for those products and is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">PRICE</th> <th style="text-align: center;">NCR/AOT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0.1 – 9.9 cents</td> <td style="text-align: center;">0 – 4 cents</td> </tr> <tr> <td style="text-align: center;">10 – 15.5 cents</td> <td style="text-align: center;">0 – 4 cents</td> </tr> <tr> <td style="text-align: center;">16 – 99.5 cents</td> <td style="text-align: center;">0 – 10 cents</td> </tr> <tr> <td style="text-align: center;">100 – 119.5 cents</td> <td style="text-align: center;">0 – 10 cents</td> </tr> <tr> <td style="text-align: center;">120 – 199.5 cents</td> <td style="text-align: center;">0 – 15 cents</td> </tr> <tr> <td style="text-align: center;">200 – 234 cents</td> <td style="text-align: center;">0 – 15 cents</td> </tr> <tr> <td style="text-align: center;">235 – 499 cents</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">500 – 699 cents</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">700 – 999 cents</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">1 000 – 1 999 cents</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">2 000 – 4 999 cents</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">≥5 000 cents</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table> <p>Applicable Order types</p> <p>The AOT will reject orders outside the above limits that are aggressive orders (an incoming order that can execute an order that already resides on the order book (i.e. against a passive order)) that are:</p> <ul style="list-style-type: none"> • Limit Orders; • [Reserved] <p>Trading Halt</p> <p>ZAR X will apply a Trading Halt Session State for [5] minutes as follows:</p> <ul style="list-style-type: none"> • during continuous trading the NCR/AOT range has moved such that trades would occur in the ETR so that the ETR Reference Price, ETR and NCR/AOT range may be reset; • to reset the ETR Reference Price where ZAR X has determined the opening transaction price is invalid. 	PRICE	NCR/AOT	0.1 – 9.9 cents	0 – 4 cents	10 – 15.5 cents	0 – 4 cents	16 – 99.5 cents	0 – 10 cents	100 – 119.5 cents	0 – 10 cents	120 – 199.5 cents	0 – 15 cents	200 – 234 cents	0 – 15 cents	235 – 499 cents	10%	500 – 699 cents	10%	700 – 999 cents	10%	1 000 – 1 999 cents	10%	2 000 – 4 999 cents	10%	≥5 000 cents	10%
PRICE	NCR/AOT																										
0.1 – 9.9 cents	0 – 4 cents																										
10 – 15.5 cents	0 – 4 cents																										
16 – 99.5 cents	0 – 10 cents																										
100 – 119.5 cents	0 – 10 cents																										
120 – 199.5 cents	0 – 15 cents																										
200 – 234 cents	0 – 15 cents																										
235 – 499 cents	10%																										
500 – 699 cents	10%																										
700 – 999 cents	10%																										
1 000 – 1 999 cents	10%																										
2 000 – 4 999 cents	10%																										
≥5 000 cents	10%																										

PROCEDURE 4044

Excessive Orders

For the purposes of Rule 4044, the guidelines concerning an excessive number of Orders are a ratio of Orders entered to trades executed that equals or exceeds 50:1.

PROCEDURE 4045

Crossings and Special Crossings in ZAR X Securities

A. CROSSINGS

Crossings in ZAR X Securities may be effected in accordance this Procedure as follows.

1. Crossings during Open Session State

Crossings during Open Session State may be effected by matching in the ZAR X Trading Platform a Bid or Offer entered or amended with a pre-existing [or simultaneously entered or amended] Bid or Offer of the Market Participant, if:

- (d) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and
- (e) the same Authorised Trader does not enter both sides of the Crossing.

The Crossing is executed In Price/Time Priority.

2. Crossings with price improvement

A Crossing in ZAR X Securities may be effected if the Crossing is executed at a price which is:

- (a) higher than the best available Bid and lower than the best available Offer;
- (b) at the best Mid-Point.

The Crossing must be effected and reported during Open Session State for the relevant ZAR X Securities and must be reported in accordance with Rule 3501.

B. SPECIAL CROSSINGS

Special Crossings in ZAR X Securities may be effected in accordance with this Procedure as follows.

1. General requirements:

Subject to Rule 3401, a Special Crossing of ZAR X Securities can be effected at any time by a Market Participant at a price:

- (a) if the Market Participant is acting on behalf of two clients, negotiated on account of the clients; or
- (b) if the Market Participant sells or buys the ZAR X Securities as Principal, agreed between the client and the Trading Participant.

A Special Crossing of ZAR X Securities must be reported in accordance with Rule 3501.

2. Off Book Orders:

(a) A Special Crossing of ZAR X Securities is an Off Book Order and may be effected by a Market Participant as such if:

- (i) the consideration for the transaction is not less than the amount set out in (b) below; and
- (ii) the ZAR X Securities are:
 - (A) either bought or sold (respectively) by the Market Participant as agent on behalf of one or more clients of the Market Participant; and
 - (B) either sold or bought (respectively) by the Market Participant as Principal or as agent on behalf of one client of the Market Participant (the client may be an Investment Manager acting on behalf of more than one client account).

(b) For the purposes of 2(a)(i) above the amounts are:

- (i) for transactions in respect of ZAR X Securities, R1 000 000;
- (ii) for transactions in respect of Restricted ZAR X Securities, R500 000;

PROCEDURE 4051

Priority of Orders

For the purposes of Rule 4051 the exemptions are:

1. Iceberg Orders

Upon submission of Iceberg Orders into the ZAR X Platform, only the Disclosed Portion is ranked In Price/Time Priority. Any Undisclosed Portion retains price priority only. As further portions of the Iceberg Order become Disclosed Portions, they are ranked In Price/Time Priority.

2. [Reserved]

PROCEDURE 4080

Off Book Orders

1. Off Book Order Types:

The table below lists the Off Book Order types and indicates whether:

- (a) the transaction may be conducted by one Market Participant or two Market Participants;
- (b) whether the transaction is published by ZAR X.

Description	Code	Market Participants	ZAR X Published
Block Trade	BK	1 or 2	Y
Portfolio Transfer	PT	1 or 2	Y
Portfolio Cross	PX	1 or 2	Y
[Reserved]			

2. Off Book Order Criteria:

(a) Block Trade

- (i) In order for a transaction in ZAR X Securities to qualify to be submitted to the ZAR X Trading Platform as a Block Trade, the transaction must comprise the specified multiple of the exchange market size as set out below:

Secondary Issues

SEGMENT	DEAL SIZE
ZAR X Securities	R1 000 000
Restricted ZAR X Securities	R 500 000

Primary Issues

Exchange market size for primary issues:

SEGMENT	EXCHANGE MARKET SIZE
New Issue	Number of shares x 0.5%

- (ii) The exchange market size of a new listing will be calculated as a percentage of the number of shares or units that are to be listed for that equity security, as a proxy for the estimated exchange market size as set out in the Procedures.
- (iii) The proxy figure for a new listing will be used until such time as ZAR X is able to calculate the exchange market size of the particular ZAR X Securities using the actual volume of trading in that security.

(b) Portfolio Transfers

- (i) A Portfolio Transfer will only be permitted where the transfer request arises from:
 - (A) a request by the executor of an estate late to transfer ZAR X Securities beneficially held by the deceased to a named beneficiary, subject to (ii) below; or
 - (B) a request by a beneficial holder of ZAR X Securities to transfer the ZAR X Securities to a registered charitable organisation in respect of a formal donation, subject to (ii) below;
- (ii) Any request for a transfer in respect of a Restricted ZAR X Security is subject to the transferee being an Eligible Purchaser of those Restricted ZAR X Securities.

(c) Portfolio Cross

- (i) A Portfolio Cross will only be permitted where there are at least five different counters in a portfolio; and
- (ii) where the combined value of the securities that form part of the Portfolio Cross is in excess of R25 000 000 (Twenty Five Million Rand)
- (iii) Any request for a Portfolio Cross in respect of a Restricted ZAR X Security is subject to the buyer being an Eligible Purchaser of all of those Restricted ZAR X Securities that form part of the portfolio

(d) [Reserved]

PROCEDURE 4090**Removal or retention of Orders at end of day**

Unless otherwise determined by ZAR X:

- (a) all unmatched Orders in the ZAR X Trading Platform at the end of each Trading Day will be carried over to the next Trading Day, with the exception of the following Orders which are purged by ZAR X at the end of each Trading Day:
 - (i) Orders which are more than 60% away from the best Bid and Offer, with a share price threshold of 20 cents;
 - (ii) Orders with validity set to 'Day', 'Date' and 'Exp';
 - (iii) Orders for ZAR X Securities which are the subject of a Corporate Action;
 - (iv) Orders for ZAR X Securities that have been de-listed intra-day;
 - (v) Orders that are centrally cancelled as a result of entering a particular Session State.

SECTION 5

MONITORING CONDUCT AND ENFORCING COMPLIANCE

PROCEDURE 5000

Notifications

1. **For the purposes of Rule 5000 the circumstances are as follows:**
 - (a) the Market Participant becomes aware that it has contravened, attempted to contravene, or failed to comply with any one or more provision of the FMA or the Rules and that such contravention or failure is significant;
 - (b) the Market Participant becomes aware that it or an Employee has:
 - (i) committed or attempted to commit any act which is dishonest or fraudulent;
 - (ii) been a party to, or facilitated or conducted a Market Transaction which was fictitious or had a dishonest or unlawful motive;
 - (iii) or a Procedure;
 - (iv) negligently or recklessly conducted the business or affairs of the Market Participant in such a way that actual or potential prejudice could have, or may still be, caused to ZAR X, any other Market Participant, a Client of a Market Participant or the general public. The failure by a Market Participant to introduce appropriate and reasonable safeguards or controls to avoid such prejudice may be treated, where appropriate, as constituting either negligence or recklessness;
 - (v) committed or attempted to commit any act which was detrimental to the interest, good name or welfare of ZAR X or other Market Participants;
 - (vi) knowingly obstructed the business of ZAR X or other Market Participants;
 - (vii) failed, when requested, to assist the ZAR X in the exercise of its duties, including but not limited to, failing without sufficient cause to provide information in accordance with Rule 5010.
 - (c) (the Market Participant becomes aware that circumstance exists which constitutes an event of default under the operating rules of the ZAR X Designated CSDP;
 - (d) the Market Participant or any of its Employees is the subject of any regulatory or disciplinary action by another Licensed Exchange, Participant, the FSB or any other regulatory authority;
 - (e) the Market Participant commences legal proceedings against, or becomes aware that legal proceedings have been commenced against it by, another Market Participant, the ZAR X Designated CSDP, another Licensed Exchange, Participant, the FSB or other regulatory authority or a client in connection with their role as a Market Participant, and those proceedings may affect the operations of ZAR X or the interpretation of the Rules;
 - (f) the Market Participant becomes aware or has reasonable grounds for suspecting the existence of any other event or circumstance which adversely affects or may adversely affect its financial position or solvency or its ability to comply with the Rules.
2. **For the purposes of determining whether a contravention or failure is significant for the purposes of paragraph (a), a Market Participant must have regard to the following:**
 - (a) the number or frequency of similar breaches;
 - (b) the impact of the breach on the Market Participant's ability to comply with any other Rule or Procedure or to conduct its business operations as a Market Participant;
 - (c) the extent to which the breach indicates that a Market Participant's arrangements to ensure compliance with the Rules and Procedures is inadequate;
 - (d) the actual or potential financial loss to the Market Participant, arising from the breach; and
 - (e) any other matters specified by ZAR X from time to time.
3. **Market Participants should also refer to Procedure 1500 for further matters required to be notified to ZAR X as part of ongoing general requirements.**

PROCEDURE 5020

Provision of independent expert report or certification

[Reserved]

PROCEDURE 5120

ZAR X actions for breaches of Operational Requirements

[Reserved]

SECTION 6 MARKET ABUSE

[Reserved]

SECTION 7

CLEARING AND SETTLEMENT

PROCEDURE 7030

Eligible Purchaser Registration

1. **As trading in a Restricted ZAR X Security is restricted to beneficial owners that comply with the beneficial shareholder rules set out by the Issuer of such security, no person may purchase a Restricted ZAR X Security unless:**
 - (a) the person who will be the registered owner; or
 - (b) if the proposed registered owner will be acting as a nominee on behalf of a beneficial owner, qualifies as an Eligible Purchaser.

2. **An Eligible Purchaser that wishes to purchase a ZAR X Restricted Security must:**
 - (a) apply, to a person nominated by the Issuer, for certification as an Eligible Purchaser of a Restricted ZAR X Security issued by the Issuer; and
 - (b) register the certification obtained in (a) above with the ZAR X Designated CSDP.

SECTION 8 CONDUCT OF BUSINESS

PROCEDURE 8400

Maximum Execution Fee that may be charged by a Market Participant

TYPE	Maximum fee
ZAR X Securities	0.75%

PROCEDURE 8503

Qualifications of employee to provide Investment Services

This Procedure sets out the qualification requirements for employees of a Market Participant who manages ZAR X Authorised Investments or provides investment advice in respect of ZAR X Authorised Investments.

1. An employee may only exercise discretion in the management of ZAR X Authorised Investments or provide investment advice to clients on any transaction in a ZAR X Authorised Investment if the employee:
 - (a) is registered with the Market Participant as a FAIS registered representative whose product categories include ZAR X Authorised Investments; or
 - (b) is a stockbroker; or
 - (c) has been exempted from or obtained a pass in the following modules of the Registered Persons Examination of the South African Institute of Financial Markets:
 - (i) introduction to the Financial Markets;
 - (ii) Regulation and Ethics of the South African Financial Markets; and
 - (iii) the Equity Market; or
 - (d) has obtained a pass in the Investment Advice and Portfolio Management module of the South African Institute of Stockbrokers examinations and has been exempted from or obtained a pass in the Regulation and Ethics of the South African Financial Markets module of the Registered Persons Examination of the South African Institute of Financial Markets; or
 - (e) has qualified as a Regular Member or Charterholder Member of the Chartered Financial Analyst Institute; or
 - (f) has been accustomed to exercising discretion in the management of equity securities or providing investment advice on transactions in equity securities since prior to 1 December 2000 and has continued to do so since such date.
2. Any person other than a FAIS Registered Representative, Stockbroker or a Chartered Financial Analyst Charterholder Member who qualifies to manage ZAR X Authorised Investments or provide investment advice in terms of paragraph 1 and who ceases to manage investments or advise on transactions for a period of more than three years, must pass the examinations referred to in paragraph 1(c) and 1(d) prior to managing ZAR X Authorised Investments or advising on transactions again.

PROCEDURE 8900

Outsourcing arrangements

Criteria

1. ZAR X recognises that the outsourcing of certain functions of a Market Participant could be beneficial to the Market Participant and its clients. There is a risk however that the outsourcing of certain key functions, if performed separately from the Market Participant, could result in the Market Participant having less control over those functions and therefore increase the risk to both the Market participant and its clients.
2. This Procedure aims to address only those outsourcing arrangements that could:
 - (a) negatively impact on the risk profile of the Market Participant;
 - (b) negatively impact on the systems and controls of the Market Participant;
 - (c) be classified as being of strategic importance to the Market Participant;
 - (d) have implications on the discharge of duties in respect of the supervisory processes followed by ZAR X referred to collectively as the "Outsourcing Criteria".

Outsourcing arrangements

3. In assessing a proposed outsourcing arrangement, the Market Participant must:
 - (a) analyse the impact of such an arrangement against the Outsourcing Criteria;
 - (b) ensure that ZAR X, ZAR X Designated CSDP, external auditors and any other regulatory body will have easy access to required information to enable them to exercise their duties;
 - (c) assess the competence and soundness of an outsourcing provider supplier prior to entering into any arrangement to ensure that the outsourcing provider will be able to guarantee the level of performance required by the Market Participant;

- (d) enter into a written Service Level Agreement with the outsourcing provider which includes as a minimum provisions for:
 - (i) periodic reviews and appropriate remedies (including early-exit options) should problems arise;
 - (ii) amendments based against the outsourcing provider's performance against agreed, specified targets;
 - (iii) limiting of sub-contracting by the outsourcing provider.
- (e) having procedures in place to ensure the ongoing management and monitoring of the terms of the outsourcing arrangements to ensure that all outsourced functions are performed adequately and in accordance with internal policies and standards and that the integrity of the Market Participants systems and controls are maintained at all times;
- (f) be able to demonstrate to ZAR X the steps taken by the Market Participant with regard to the procedures in paragraph 2(e) above;
- (g) immediately inform ZAR X of any material problem encountered with an outsourcing arrangement impacting on the Outsourcing Criteria;



Your share of tomorrow

APPENDICES

APPENDIX 1010

FIT AND PROPER STATEMENT

(Confidential and not available for inspection by the public)

STATEMENT BY INDIVIDUALS WHO ARE HOLDING, OR WHO ARE PROPOSING TO BE AN OFFICER, NON-EXECUTIVE DIRECTOR OR CONTROLLING SHAREHOLDER OF A MARKET PARTICIPANT.

1. The Name of the Market Participant in connection with which this statement is being completed ("the institution"):

2. Your surname:

3. Your full forename(s):

4. Former surname(s) and or forename(s) by which you may have been known:

5. Please state in which capacity you are completing this questionnaire, that is, as a current prospective director, an executive officer or combination of these.

6. Please state your full title, and describe the particular duties and responsibilities attaching to the position(s) that you hold or will hold. If you are completing this form in the capacity of director, indicate whether, in your position as director, you have or will have executive responsibility for the management of the institution's business. In addition, please provide a copy of your curriculum vitae, unless it has already been provided:

7. Residential address:

8. Any previous residential address during the past 10 years:

9. Date and place of your birth (including town or city):

10. Your nationality and how it was acquired (birth, naturalisation or marriage):

11. Name(s) and address of your bankers during the past 10 years:

12. Your professional qualifications and year in which they were obtained:

13. Your occupation and employment now and during the past 10 years, including the name of your employer in each case, the nature of the business, the position held and relevant dates:

14. Of which bodies corporate (other than the institution) are you a director or an executive officer and since when?
-
15. Do you have any direct or indirect interest representing 15 per cent or more of the issued capital of any body corporate (other than the institution) that is now registered, or that has applied for authorisation, under the Act? If so, give particulars:
-
16. Of which bodies corporate other than the institution and those listed in reply to question 13 above have you been a director or an executive officer at any time during the past 10 years? Give relevant dates:
-
17. Do any of the bodies corporate listed in reply to questions 12, 13, 14 and 15 above maintain a business relationship with the institution? If so, give particulars: Conflict of interests
-
18. Do you hold or have you ever held or applied for a license or equivalent authorisation to conduct any business activity in the Republic of South Africa ("the Republic") or elsewhere? If so, give particulars. If any such application was refused or withdrawn after it was made or if any authorisation was revoked, give particulars:
-
19. Does any institution with which you are, or have been, associated as a director or executive officer hold, or has it ever held or applied for, a license or equivalent authorisation to conduct any business activity? If so, give particulars. If any such application was refused, or was withdrawn after it was made or if an authorisation was revoked, give particulars:
-
20. Have you at any time been convicted of any offence, excluding:
- (a) any offence committed when you were under 18 years, unless the same offence was committed within the last 10 years;
 - (b) any road traffic offence; or
 - (c) any political offence?
- If so, give particulars of the court by which you were convicted, the offence, the penalty imposed and the date of conviction:
-
21. Have you, in the Republic or elsewhere, been censured, disciplined, warned as to future conduct, or made the subject of a court order at the instigation of any regulatory authority or any professional body to which you belong or belonged, or have you ever held a practicing certificate subject to conditions? If so, give particulars:
-
22. Have you, or has any body corporate, partnership or unincorporated institution with which you are, or have been, associated as a director or executive officer, been the subject of an investigation, in the Republic or elsewhere, by or at the instigation of a government department or agency, professional association or other regulatory body? If so, give particulars:
-
23. Have you, in the Republic or elsewhere, been dismissed from any office or employment, or been subject to disciplinary proceedings by your employer or been barred from entry to any profession or occupation? If so, give particulars:
-
24. Have you failed to satisfy any debt adjudged due and payable by you, as a judgement debtor under an order of a court in the Republic or elsewhere, or made any compromise arrangement with your creditors within the past 10 years? If so, give particulars:
-
25. Have you ever been declared insolvent (either provisionally or finally) by a court in the Republic or elsewhere, or has a bankruptcy petition ever been served on you? If so, give particulars:
-
26. Have you, in connection with the formation or management of any body corporate, partnership or unincorporated institution, been adjudged by a court in the Republic or elsewhere civilly liable for any fraud, misfeasance or other misconduct by YOU towards such a body or company or towards any members thereof? If so, give particulars:
-
27. Has any body corporate, partnership or unincorporated institution with which you were associated as a director or executive officer, in the Republic or elsewhere, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading, either while you were associated therewith or within one year after you ceased to be associated therewith, or has anything analogous to any of these events occurred under the laws of any other jurisdiction? If so, give particulars:
-

28. Have you been concerned with the management or conduct of the affairs of any institution that, by reason of any matter relating to a time when you were so concerned, has been censured, warned as to future conduct, disciplined or made the subject of a court order at the instigation of any regulatory authority in the Republic or elsewhere? If so, give particulars:
-
29. In carrying out your duties will you be acting on the directions or instructions of any other individual or institution? If so, give particulars:
-
30. Do you, or does any related party of whom you are aware, undertake business with this institution? If so, give particulars: Independence/ conflict of interests
-
31. How many shares in the institution are registered in your name or the name of a related party? If applicable, give name(s) in which such shares are registered and the class of shares: Independence
-
32. In how many shares in the institution (not being registered in your name or that of a related party) are related parties beneficially interested? Independence/Influence
-
33. Do you, or does any related party, hold any shares in the institution as trustee or nominee? If so, give particulars:
-
34. Are any of the shares in the institution mentioned in reply to questions 30, 31 and 32 above equitably or legally charged or pledged to any party? If so, give particulars:
-
35. In respect of which proportion of the voting power at any general meeting of the institution (or of another body corporate of which it is a subsidiary) are You or any related party entitled to exercise control?
-
36. If the exercise of the voting power at any general meeting of the institution, or of another body corporate of which it is a subsidiary, is or may be controlled by one or more of your associates or any related party, give the proportion of the voting power so controlled in each case and the identity of each associate:
-
37. Are you currently, or do you, other than in a professional capacity, expect to be, engaged in any litigation in the Republic or elsewhere? if so, give particulars:
-
38. Do you have a basic knowledge and understanding of the risks to which banks are exposed?
-
39. Do you, at all times while acting in your capacity as a director or executive officer of the institution, undertake to:
- (a) act in good faith towards the bank/banks in the group;
-
- (b) avoid conflict between your other interests and the interests of the bank/banks in the group
-
- (c) and place the interest of the bank/banks in the group and the depositors above all other interests?
-
40. Have you acquainted yourself with, and do you understand, the extent of the rights and powers, as well as your responsibilities and duties as a director of the institution, as contained in the applicable law? **(To be completed only by directors or prospective directors.)**
-

Please attach to this Statement a matrix that clearly sets out the details specified below:

- (a) The number of other directorships or memberships held by the proposed appointee;
- (b) The name of the other entity(ies) in which the proposed appointee already serves as a director or member;
- (c) The particular duties and responsibilities attached to each of the aforesaid positions held;
- (d) The number of meetings each of the aforesaid entities holds or is expected to hold per annum, that the proposed appointee is required to attend;
- (e) The expected average number of hours that is required for the proposed appointee to duly prepare for each of the aforesaid meetings.

DECLARATION

I, _____, hereby declare the following:

This statement consists of _____ pages, each signed by me. The content of this declaration is true to the best of my knowledge and belief. I am aware that should it be submitted as evidence and I know that something appears therein that I know to be false or believe not to be true, I may be liable to prosecution. I undertake that, as long as I continue to be an Officer or Non-Executive or Controlling Shareholder of the Market Participant, I will notify ZAR X of any material changes to, or affecting the completeness or accuracy of, the information supplied by me in items 1 to 39 as soon as possible, but in no event later than 21 days from the day that the changes come to my attention.

I know and understand the content of this declaration, I have*/do not have* objections to taking the prescribed oath*/affirmation*. I consider the prescribed oath*/affirmation* to be binding*/not binding* on my conscience.

I, certify that, the above statement was taken by me and that the deponent has acknowledged that he/she knows and understands the content of this statement. This statement was sworn to*/affirmed* before me and the deponent's signature was placed thereon in my

presence at _____ on this _____ day of _____ 2015

COMMISSIONER OF OATHS

FULL NAMES _____

AREA: _____

ADDRESS _____

** Delete whichever is not applicable*

NOTE:

Each page of the Statement and each additional page attached thereto must be initialed by the;

- (a) deponent;
- (b) Commissioner of Oaths
- (c) Chairperson of the Board of Directors of the Market Participant

APPENDIX 2200
FEES AND LEVIES

	FEE TYPE	PAID BY	PAID TO	AMOUNT	BASIS
1	Exchange Fee	Client	ZAR X	0.75%	Of the value of each trade leg per trade
2	Brokerage Fee	Client	MP	Max 0.75%	Of the value of each trade leg per trade
3	CSD Fees				
	Settlement Fee	Client	STRATE	Fees TBC	For each settlement instruction received
	Safe Custody Fee	Client	STRATE	No fee charged	
4	CSDP Fees				
	Clearing Fee	Client	Computershare	R50.00	For each clearing instruction received
5	Market Participant Fees				
	Application Fee (once-off)	MP	ZAR X	R27,900.00	
	Monthly Fee	MP	ZAR X	R7,850.00	
6	Investor Protection Levy	Client	FSB	0.0002%	Of the value of each trade leg per trade
7	Guarantee Fund Levy	Client	Guarantee Fund	[Reserved]	Of the value of each trade leg per trade
8	Equity Trading Software				
	Monthly Fee	MP	ZAR X	R850.00	Per user
	Correction Fee	Client	ZAR X	R575.00	Per contract note

Fees and Levies are quoted exclusive of VAT.

APPENDIX 4013

PART 1

SESSION STATES AND PARAMETERS

The Session States and parameters in respect of them for the ZAR X Trading Platform are as set out in the table below. The parameters describe the manner in which the ZAR X Trading Platform will function during a Session State while it is operational:

Session State	Parameters
Pre Open	<ul style="list-style-type: none"> • Bids and Offers may be entered, amended or cancelled in the ZAR X Trading Platform; • Bids and Offers remaining in the ZAR X Trading Platform from the previous Session State may be amended or cancelled; • Bids and Offers remaining in the ZAR X Trading Platform at the commencement of the Session State retain their ranking In Price/Time Priority; • No Bids or Offers will be matched; • Off Book Orders may be reported.
Open	<ul style="list-style-type: none"> • Bids and Offers may be entered, amended or cancelled in the ZAR X Trading Platform; • Bids and Offers are matched in Price/Time/Priority on a continuous basis; • Off Book Orders may be reported.
Trading Halt	<ul style="list-style-type: none"> • Bids and Offers may not be entered; • Bids and Offers remaining from the previous Session State may be cancelled but not amended; • No Bids and Offers are matched; • No trades may be reported.
Post Halt	<ul style="list-style-type: none"> • An auction is conducted on commencement of the Session State; • Bids and Offers may be entered, amended or cancelled in the ZAR X Trading Platform; • Bids and Offers that have not been matched in the auction will be carried through to the next Session State In Price/Time Priority; • No trades may be reported.
Purge Orders	<ul style="list-style-type: none"> • All expired unmatched Bids and Offers in the Trading Platform are centrally cancelled; • No Bids and Offers are matched; • Bids and Offers may not be entered or amended; • No trades may be reported.
Closed	<ul style="list-style-type: none"> • No Trading Messages may be entered or amended in the Trading Platform.

PART 2

SESSION STATE TIMES

Unless otherwise notified by ZAR-X to Market Participants (by message or code displayed in the ZAR-X Trading Platform or such other means as ZAR-X considers appropriate), Session States will apply at the times indicated in the timetable set out below in respect of the ZAR-Z Securities type indicated.

ZAR-X Security type	SESSION STATE				
	Pre-open	Open	Purge Orders	System Maintenance	Close
Equities	08:00 – 09:00	09:00 – 17:00	17:00 – 18:00	18:00 – 20:00	20:00 – 08:00
[Reserved]					



Your share of tomorrow

**ENFORCEMENT
AND APPEALS
RULES**

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SECTION 1

SCOPE OF RULEBOOK

This Enforcement and Appeals Rulebook deals with enforcing compliance with the Enforcement Rules and appeal matters including:

- the taking of enforcement action (including exercise of powers) by ZAR X where a Relevant Person has breached the Rules;
- appeals available to a Relevant Person under any of the Enforcement Rules;
- the process of appeal to an Appeal Tribunal;
- the consolidation of enforcement actions and appeals; and
- the recording and announcement of actions and determinations made by ZAR X and the Appeal Tribunal.

This Rulebook also deals with the establishment and composition of the Appeal Tribunal Panel and an Appeal Tribunal and sets out:

- the powers of Appeal Tribunals; and
- how proceedings before an Appeal Tribunal are to be conducted.

1. SCOPE OF THE ENFORCEMENT RULE BOOK

1.1 This Enforcement Rule Book deals with the powers, processes and Enforcement Procedures for dealing with contraventions of the Rules and appeals in relation to the operation of the licensed markets and facilities within ZAR X.

1.1.1 Enforcement Rules of ZAR X

These Enforcement Rules form part of the Rules of ZAR X. These Enforcement Rules should be read in conjunction with:

- (a) the Enforcement Procedures;
- (b) the Rules;
- (c) the Procedures; and
- (c) the FMA.

To the extent of any inconsistency between these Enforcement Rules and the Enforcement Procedures, these Enforcement Rules will prevail.

1.1.2 Binding effect of Enforcement Rules

These Enforcement Rules are binding on ZAR X and Relevant Persons in the manner set out in:

- (a) section 17(1) of the FMA; and
- (b) Enforcement Rule 1.1.3.

1.1.3 Covenants to observe Enforcement Rules

These Enforcement Rules have the effect of a contract between ZAR X and Relevant Persons under which:

- (a) each Relevant Person covenants with ZAR X and each other Relevant Person to observe the Enforcement Rules and to perform the obligations which the Enforcement Rules purport to impose on the Relevant Person, in the manner provided by the Enforcement Rules; or
- (b) ZAR X covenants with each Relevant Person to observe the Enforcement Rules and to perform the obligations which the Enforcement Rules purport to impose on ZAR X, in the manner provided by the Enforcement Rules.

1.2 Conduct, acts and omissions

1.2.1 References to conduct or doing any act or thing

In these Enforcement Rules:

- (a) a reference to conduct or engaging in conduct includes a reference to doing, refusing to do or omitting to do, any act, including the making of, or the giving effect to a provision of, an agreement; and
- (b) unless the contrary intention appears, a reference to doing, refusing or omitting to do any act or thing includes a reference to causing, permitting or authorising:
 - (i) the act or thing to be done; or
 - (ii) the refusal or omission to occur.

1.2.2 Conduct by Employees

In these Enforcement Rules, conduct engaged in on behalf of a Market Participant:

- (a) by an Employee and whether or not within the scope of the actual or apparent authority of the Employee; or
- (b) by any other person at the direction or with the consent or agreement (whether express or implied) of an Employee, and whether or not the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of an Employee,

is deemed to have been engaged in also by the Market Participant.

1.2.3 State of mind of a Relevant Person

If for the purposes of these Enforcement Rules in respect of conduct engaged in by a Relevant Person, it is necessary to establish the state of mind of the Relevant Person, it is sufficient to show that an Employee, or other agent of the Relevant Person, being an Employee, or other agent by whom the conduct was engaged in and whether or not within the scope of the actual or apparent authority of that Employee, or other agent, had that state of mind.

In this Enforcement Rule 1.2.3 a reference to the state of mind of a Relevant Person includes a reference to the knowledge, intention, opinion, belief or purpose of the Relevant Person and the Relevant Person's reasons for the Relevant Person's intention, opinion, belief or purpose.

1.3 Examples and notes

1.3.1 Use of examples and notes

If these Enforcement Rules include an example of, or a note about, the operation of an Enforcement Rule:

- (a) the example or note is not to be taken to be exhaustive; and
- (b) if the example or note is inconsistent with the Enforcement Rule, the Enforcement Rule prevails.

1.4 Effect of amendment to enforcement rules and enforcement procedures

1.4.1 Where amendments to Enforcement Rules and Enforcement Procedures are made

Unless expressly stated otherwise, where an Enforcement Rule or Enforcement Procedure is:

- (a) amended;
- (b) deleted; or
- (c) lapses or otherwise ceases to have effect,
that circumstance does not:
 - (d) revive anything not in force or existing at the time at which that circumstance takes effect;
 - (e) affect the previous operations of that Enforcement Rule or Enforcement Procedure or anything done under that Enforcement Rule or Enforcement Procedure;
 - (f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Enforcement Rule or Enforcement Procedure;
 - (g) affect any penalty, forfeiture, suspension, expulsion or other enforcement action taken or incurred in respect of any breach of that Enforcement Rule or Enforcement Procedure; or
 - (h) affect any investigation, proceeding, enforcement process, appeal process or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or other enforcement action,

and any such investigation, proceeding, enforcement process, appeal process or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or other enforcement action may be imposed as if the circumstance had not taken effect.

1.5 Rules in force at time of contravention

1.5.1 Determining a contravention of the Rules

Unless expressly stated otherwise, in determining whether the act or omission of a party constitutes a contravention of the Rules or a breach of a condition imposed by ZAR X under the Rules, the matter will be determined with regard to the Rules in force at the time of the relevant act or omission.

1.5.2 Matters ZAR X will have regard to

Where an Enforcement Rule provides that ZAR X may act in a manner which it considers "appropriate", when deciding whether or not to act, and how to act, ZAR X will have regard to the obligations, duties, powers and discretions which ZAR X may have, or in connection with, the holding of an exchange license under the FMA.

1.6 Defects, irregularities and deficiencies

1.6.1 Notices or time

A decision or act of ZAR X under these Enforcement Rules is not invalidated by any:

- (a) defect;
- (b) irregularity; or
- (c) deficiency,

of notice or time unless:

- (d) a Relevant Person concerned by the defect, irregularity or deficiency requests ZAR X to resolve that the decision or act is invalid;
- (e) ZAR X reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
- (f) ZAR X accordingly resolves that the decision or act is invalid.

1.6.2 **Validity of actions**

An action or inaction by ZAR X under the Enforcement Rules may not be challenged on the ground that a Rule, Procedure, direction, decision or requirement of ZAR X, or any agreement made by ZAR X, is *ultra vires* or otherwise invalid.

1.6.3 **Partial invalidity of Enforcement Rules**

If any of the provisions of the Enforcement Rules or the Enforcement Procedures becomes at any time illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions of the Enforcement Rules and the Enforcement Procedures, and the legality, validity or enforceability of the provision under the law of any other jurisdiction is not affected or impaired in any way.

1.7 **Notice and correspondence**

1.7.1 **Methods of giving notice in writing**

Any notice or correspondence that is to be given by a Relevant Person to ZAR X or an Appeal Tribunal pursuant to these Enforcement Rules must be forwarded to the address, and in the manner, set out in the Enforcement Procedures.

1.7.2 **Delivery of notice**

For the purposes of Rule 1.7.1, any such notice or correspondence will be taken to have been received at the time and in the manner set out in the Enforcement Procedures.

SECTION 2

ENFORCEMENT ACTION

2.1 Grounds for enforcement action

2.1.1 Grounds for enforcement action for breach of Enforcement Rules

ZAR X may take enforcement action under this Section 2 if ZAR X considers that a Relevant Person has contravened a Rule or breached a condition imposed by ZAR X under the Rules.

2.2 Sanction powers of ZAR X in enforcement action

2.2.1 General powers

If ZAR X considers that a Relevant Person has contravened the Rules or breached a condition imposed by ZAR X under the Rules, ZAR X may exercise any one or more of the following powers:

- (a) censure the Relevant Person;
- (b) subject to Rule 2.2.4, impose a monetary penalty not exceeding the amount determined by ZAR X and set out in the Enforcement Procedures, on the Market Participant for each contravention by it or any of its Employees;
- (c) specify the form, objectives and timeframe for a new, or an enhanced version of an existing, education and compliance programme designed to prevent future contravention of the Rules by the Market Participant and its Employees, and direct the Market Participant to implement such a programme to the satisfaction of ZAR X;
- (d) where the contravention arose from conduct of a particular Employee, direct that the Participant cease to permit that Employee to remain involved or that the Market Participant change that Employee's role in the business in some way;
- (e) where the enforcement action is taken against an Employee, direct the relevant Market Participant to:
 - (i) suspend the Employee's role as an Officer, Authorised Trader or Authorised Investment Advisor for a period not exceeding 3 months upon such terms and conditions as ZAR X thinks fit; or
 - (ii) where ZAR X makes a finding of Unprofessional Conduct, terminate that person's role as an Employee of that Market Participant;
- (f) where an Employee is determined to have contravened the Rules, make an order that the Employee not be employed, or otherwise appointed, as an Officer, Authorised Trader or Authorised Investment Advisor for a period ZAR X thinks fit; and
- (g) impose conditions or restrictions in relation to:
 - (i) any actions taken under this Rule 2.2.1;
 - (ii) the future conduct of a Relevant Person;
 - (iii) any other matter ZAR X sees fit.

2.2.3 Exercise of enforcement powers

In the exercise of any enforcement powers under these Enforcement Rules, ZAR X is bound by, and shall enforce the provisions of, the Rules.

2.2.4 Penalty where conduct arises from the same circumstances

Where in respect of an enforcement action the subject of a single Alleged Minor Infringement Notice or single Enforcement Notice (as applicable) ZAR X considers that a Relevant Person has committed two or more contraventions involving the same provision of the relevant Rules, being contraventions that appear to ZAR X to have been of the same nature or a substantially similar nature and to have occurred at or about the same time or as part of a single course of conduct, ZAR X shall not impose on the Relevant Person monetary penalties that, in total, exceed the maximum monetary penalty that would be applicable in respect of one contravention by the Relevant Person of that Rule.

2.2.5 Enforcement action may deal with more than one contravention

Subject to Enforcement Rule 2.2.4, ZAR X may in respect of enforcement action the subject of a single Submission Notice, Alleged Minor Infringement Notice or Enforcement Notice (as applicable) deal with more than one alleged contravention of the relevant Rules or breach of a condition imposed under the relevant Rules.

2.3 Notification of proposed action

2.3.1 Submission Notice

Unless it does not consider it appropriate having regard to Rule 1.5.2, ZAR X will, prior to issuing an Alleged Minor Infringement Notice or Enforcement Notice (as applicable):

- (a) issue a Submission Notice to the relevant Relevant Person which includes the information set out in the Enforcement Procedures and any other information that ZAR X considers appropriate; and
- (b) allow the Relevant Person to make written submissions within the time permitted in the Submission Notice in response to the matters set out in the Submission Notice.

2.4 Notification of alleged minor infringements

2.4.1 Alleged Minor Infringement Notice

Subject to Rule 2.3, if ZAR X:

- (a) considers that a Relevant Person has contravened a Rule or breached a condition imposed by ZAR X under the Rules;
- (b) has decided to exercise any of its powers under Rule 2.2.1 or Rule 2.2.2; and
- (c) considers that having regard to the matters set out in the Enforcement Procedures, the contravention, breach or conduct should be dealt with under this Rule 2.4, then in lieu of issuing an Enforcement Notice, ZAR X may issue an Alleged Minor Infringement Notice to the Relevant Person which includes the information set out in the Enforcement Procedures and any other information that ZAR X considers appropriate.

2.4.2 Effect of issue and compliance with Alleged Minor Infringement Notice

If within the compliance period set out in the Enforcement Procedures for the Alleged Minor Infringement Notice the Relevant Person:

- (a) pays the monetary penalty set out in the Alleged Minor Infringement Notice; and
- (b) to the extent that there are any other non-monetary sanctions set out in the Alleged Minor Infringement Notice, complies or agrees to comply (as applicable), in a manner acceptable to ZAR X, with such other sanctions, then:
 - (c) the Relevant Person is not by reason only of paragraphs (a) and (b) above, regarded as having contravened the relevant Rule or breached the condition specified in the Alleged Minor Infringement Notice;
 - (d) ZAR X will not issue an Enforcement Notice to the Relevant Person in respect of the alleged contravention of the relevant Rule or breach of the condition specified in the Alleged Minor Infringement Notice.

2.4.3 Effect of non-compliance with Alleged Minor Infringement Notice

If within the compliance period set out in the Enforcement Procedures for the Alleged Minor Infringement Notice the Relevant Person fails to:

- (a) pay the monetary penalty set out in the Alleged Minor Infringement Notice; or
- (b) to the extent that there are any other non-monetary sanctions set out in the Alleged Minor Infringement Notice, comply or agree to comply (as applicable), in a manner acceptable to ZAR X, with such other sanctions,

then unless ZAR X is satisfied that it is not appropriate to do so, ZAR X will issue an Enforcement Notice to the Relevant Person in respect of the alleged contravention of the relevant Rule or breach of the condition specified in the Alleged Minor Infringement Notice.

2.4.4 ZAR X discretion

- (a) The decision to issue an Alleged Minor Infringement Notice and invoke the processes set out in this Rule 2.4 *in lieu* of the issue of an Enforcement Notice is at the absolute discretion of ZAR X and for the avoidance of doubt, ZAR X is not bound to issue or not issue an Alleged Minor Infringement Notice irrespective of whether the contravention, breach or conduct (including the sanction sought to be imposed in respect thereof) is, or is not, of a type set out in the Enforcement Procedures to Rule 2.4.1(c).
- (b) Where ZAR X issues an Alleged Minor Infringement Notice this does not prevent ZAR X (or an Appeal Tribunal (as applicable)) from imposing in a later Enforcement Notice a greater sanction (including a larger monetary penalty) than the sanction specified in the Alleged Minor Infringement Notice if the Relevant Person does not comply with the Alleged Minor Infringement Notice in accordance with Rule 2.4.2.

2.4.5 Notification or publication

Nothing in this Rule 2.4 prevents the notification or publication by ZAR X of the matters dealt with in this Rule 2.4:

- (a) to any regulatory authority or any other third parties as considered appropriate by ZAR X; or
- (b) as permitted under Rule 4.1.

2.5 Notification of enforcement action

2.5.1 Enforcement Notice

Subject to Enforcement Rules 2.3 and 2.4, if ZAR X:

- (a) considers that a Relevant Person, other than an entity as defined in the ZAR X Listing Enforcement Rules, has contravened a Rule or breached a condition imposed by ZAR X under the Rules; and
- (b) has decided to exercise any of its powers under Rule 2.2.1 or Rule 2.2.2,

ZAR X will issue an Enforcement Notice to the Relevant Person which includes the information set out in the Enforcement Procedures and any other information that ZAR X considers appropriate.

2.5.2 Compliance with Enforcement Notice

- (a) Subject to paragraph (b) below, the Relevant Person must comply with the sanction(s) imposed by ZAR X in the Enforcement Notice.

- (b) Where the Relevant Person has appealed the determination of ZAR X under Section 2 of this Enforcement Rulebook to issue an Enforcement Notice or any sanctions imposed in the Enforcement Notice, in accordance with Section 3 of these Enforcement Rules, and the Appeal Tribunal:
 - (i) affirms or varies the decision to issue the Enforcement Notice or the sanction(s) imposed in the Enforcement Notice (as applicable) pursuant to Section 3 of these Enforcement Rules – the Relevant Person must comply with such sanction(s) as affirmed or varied by the Appeal Tribunal;
 - (ii) sets aside the decision to issue the Enforcement Notice or the sanction(s) imposed in the Enforcement Notice (as applicable) pursuant to Section 3 of these Enforcement Rules – the Relevant Person is not required to comply with such sanction(s) as set aside by the Appeal Tribunal.

2.6 Enforcement action – more than one relevant person

2.6.1 ZAR X may take multiple enforcement actions in same circumstances

ZAR X is entitled to take enforcement action (including pursuant to clause 2.4) against more than one Relevant Person in respect of the same or similar circumstances.

2.7 Certain obligations of certain relevant persons continue

2.7.1 Jurisdiction continues

After a Relevant Person ceases to be a Relevant Person under these Enforcement Rules:

- (a) the Enforcement Rules continue to apply and ZAR X will continue to have jurisdiction in respect of the Relevant Person concerning any conduct or any failure to comply with the Enforcement Rules which occurred before the Relevant Person ceased to be a Relevant Person, whether that conduct or failure was by the Relevant Person or by any other person for whose conduct the Relevant Person was responsible;
- (b) the Relevant Person continues to be bound by any indemnity given by the Relevant Person under these Enforcement Rules; and
- (c) other Enforcement Rules continue to apply in respect of the Relevant Person to the extent required to give effect to paragraphs (a) and (b).

SECTION 3

APPEALS

3.1 Decisions that may be appealed

The following parties may appeal the following decisions to an Appeal Tribunal on the giving of the relevant notice of appeal, within the relevant time and on the payment of any fee, as set out in the Enforcement Procedures:

3.1.1 ZAR X Rule appeals

- (a) A Relevant Person if dissatisfied with a determination of ZAR X under Section 2 of this Enforcement Rulebook to issue an Enforcement Notice or any sanction imposed in the Enforcement Notice;
- (b) A Participant if dissatisfied with a decision of ZAR X to suspend or terminate the admission of the Participant on default grounds under Rule 10000;
- (c) A Market Participant if dissatisfied with the actions taken (or the failure to take actions) by ZAR X under Rules 3200 to 3220;
- (d) A Client if dissatisfied with the actions taken (or the failure to take actions) by ZAR X under Rule 9066.

3.2 ZAR X to notify Appeal Tribunal

3.2.1 ZAR X to notify Appeal Tribunal

If ZAR X receives a notice of appeal which complies with the relevant appeal notice provisions under these Enforcement Rules, ZAR X must promptly give a copy of that notice to the chairperson of the Appeal Tribunal Panel and an Appeal Tribunal will be convened in accordance with the Enforcement Procedures.

3.3 Action which may be implemented pending appeal

3.3.1 Action which may be implemented pending appeal

ZAR X may implement any action (including the making of any announcement) which it is expressly permitted to do under the relevant Rules before the expiry of the time for giving a notice of appeal or before the appeal is determined, including, without limitation, any action ZAR X considers appropriate having regard to its obligations as an operator of a licensed exchange.

3.4 Action which may not be implemented pending appeal

3.4.1 Action which may not be implemented pending appeal

Subject to any action taken in accordance with Rule 3.3, ZAR X may not implement or announce a decision to:

- (a) take enforcement action against a Relevant Person under Rule 2.5;
- (b) terminate a Participant's admission as a Participant under the relevant Rules; or
- (c) terminate a Relevant Person's recognition as a Relevant Person under the relevant Rules,

before the expiry of the time for giving a notice of appeal (in circumstances where this Enforcement Rulebook provides for the appeal of the relevant decision) or, if a notice of appeal is given in accordance with this Rulebook, before the appeal is determined.

3.5 Appeal Tribunal

3.5.1 Appeal Tribunal Panel

ZAR X will establish an Appeal Tribunal Panel comprising of such number of persons as set out in the Enforcement Procedures and as nominated by ZAR X from time to time.

3.5.2 Role of Appeal Tribunal

There will be an Appeal Tribunal for the purposes of conducting an appeal against a decision of ZAR X in respect of which the Rules or these Enforcement Rules expressly provide for an appeal direct to an Appeal Tribunal.

An Appeal Tribunal is bound by, and shall enforce the provisions of, the Rules.

3.5.3 Chairperson

ZAR X will appoint one or more chairpersons for the period determined by ZAR X with such qualifications as are set out in the Enforcement Procedures.

3.5.4 Composition of Appeal Tribunal

An Appeal Tribunal will, when it is meeting, comprise the chairperson or, in that person's absence, a person nominated by the chairperson who will act as chairperson of the proceedings, and such number of persons set out in the Enforcement Procedures, as selected by the chairperson of the proceedings from the Appeal Tribunal Panel. There can be more than one Appeal Tribunal meeting at any one time.

A person who participated in the making of the decision under appeal must not be a member of an Appeal Tribunal constituted to hear the appeal unless otherwise set out in the Enforcement Procedures.

3.5.5 Proceeding date

The chairperson of the proceedings will appoint a date, time and place for the appeal proceeding and cause notice of the date and any other information to be given to the parties as set out in the Enforcement Procedures.

An Appeal Tribunal may vacate the proceeding date and appoint a substitute proceeding date in accordance with the Enforcement Procedures and may adjourn and re-convene its proceedings as it thinks fit.

3.6 Conduct of appeal tribunal proceedings

3.6.1 Powers of Appeal Tribunal

Unless set out in the Enforcement Procedures, an appeal will not be conducted as a re-hearing. An Appeal Tribunal may affirm, vary or set aside the appealed decision and any sanction.

3.6.2 Determination on the papers

All matters to be considered by an Appeal Tribunal will be assessed on the written submissions of the parties unless an Appeal Tribunal determines to conduct an oral hearing or either party requests an oral hearing. If either party requests an oral hearing it must do so by no later than the lodgement of its final written submissions.

Where an Appeal Tribunal requests that a Relevant Person appears before it, the process for such appearance shall be as set out in the Enforcement Procedures. Each party shall bear its own costs of attendance.

3.6.3 Written submissions

The parties will be given and must comply with such directions as determined by an Appeal Tribunal in relation to written submissions. An Appeal Tribunal may at its discretion, but is not bound to, consider any written submissions which do not comply with the directions of the Appeal Tribunal, including without limitation any written submission that is submitted outside the timeframes determined by the Appeal Tribunal.

3.6.4 Formalities, recording and transcripts

Proceedings will be conducted with as little formality and technicality, and with as much expedition as a proper consideration of the matters before an Appeal Tribunal permits. An Appeal Tribunal may conduct its proceedings as it thinks fit and may record or make a transcript of proceedings (or both) at a proceeding. A copy of any transcript or recording must be made available to ZAR X and to the other party involved in the proceeding if requested.

3.6.5 Procedural fairness

An Appeal Tribunal will determine each matter on its own merits and must conduct the proceedings without bias and must observe the Enforcement Rules of procedural fairness.

3.6.6 Voting

The decision of an Appeal Tribunal will be determined according to a simple majority of votes of the Appeal Tribunal members. Each member has, and must exercise, a deliberative vote. The chairperson has a deliberative but not a casting vote.

3.6.7 Appeal Tribunal may obtain advice

An Appeal Tribunal may obtain such legal and other advice as it considers appropriate and may have its advisers present at a determination.

3.6.8 Participation in proceedings

An Appeal Tribunal may conduct proceedings without all members of the Appeal Tribunal being in the physical presence of each other, provided that all members involved in the proceedings are able to participate in the proceedings.

3.6.9 Ability of the Appeal Tribunal to award costs or order refund of appeal fee

If an Appeal Tribunal considers that a party to the appeal, or to the enforcement action the subject of the appeal, has acted vexatiously, frivolously or unreasonably, it may order that party to pay to another party to the appeal, the whole or part of the costs and expenses incurred by the other party in the appeal. The Appeal Tribunal may also order that ZAR X refund the appeal fee paid to bring the appeal in the circumstances set out in the Enforcement Procedures.

3.6.10 Order for costs

An order for costs:

- (a) may be for a specified amount or an unspecified amount;
- (b) if for an unspecified amount, must specify the basis on which the amount is to be determined;
- (c) may specify the terms on which the costs (or the refund of the appeal fee) must be paid.

3.6.11 Reasons for decision

An Appeal Tribunal must notify ZAR X and the other party of the decision and the reasons for its decision in writing in such format as it determines in accordance with the timeframe set out in the Enforcement Procedures.

3.6.12 Decision final and binding

A decision of an Appeal Tribunal in relation to the matter the subject of the appeal, and any decision as to costs, is final and binding on ZAR X and the other party.

3.7 Provision of information by ZAR X to tribunal

3.7.1 ZAR X may provide information

ZAR X will be entitled to inform a Tribunal and such persons acting for or on behalf of ZAR X, as it sees fit, of any matter relating to any act, omission or conduct in respect of which a Relevant Person may be or has been penalised under these Enforcement Rules.

Without limiting the generality of this Enforcement Rule 3.7.1, information which may be communicated includes any information which may be relevant to any investigation, or proposed investigation.

3.7.2 Relevant Person to be informed

Where information is communicated pursuant to Enforcement Rule 3.7.1 the Relevant Person to whom the act, omission or conduct the subject of that information is attributable will be:

- (a) informed of:
 - (i) the provision of that information;
 - (ii) the information; and
- (b) given a reasonable opportunity to make submissions to a Tribunal in respect of that information.

3.8 Indemnity for tribunal members and ZAR X officers

3.8.1 Limitation of liability and indemnity

ZAR X indemnifies each member of an Appeal Tribunal and each officer of ZAR X and each person acting for or on behalf of ZAR X against any liability arising in or in connection with the determination of a proceeding, other than any liability that by law would attach to the member, officer or person in respect of any negligence, default, breach of duty or breach of trust of which the member, officer or person may be guilty in relation to ZAR X.

3.8.2 Indemnity for certain legal proceedings

Notwithstanding anything contained in Enforcement Rule 3.8.1, ZAR X indemnifies each member of an Appeal Tribunal and each officer of ZAR X and each person acting for or on behalf of ZAR X against any liability incurred by the member, officer or person in defending any proceedings, whether civil or criminal, in which judgment is given in favour of the member, officer or person or in which the member, officer or person is acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act to the member, officer or person by any court of competent jurisdiction.

SECTION 4

ZAR X ANNOUNCEMENT AND IMPOSITION OF PENALTY

4.1 ZAR X announcement

4.1.1 Announcement

Without limitation to any announcement or publication which ZAR X is permitted to make under the relevant Rules, subject to Enforcement Rules 3.3 and 3.4:

- (a) subject to paragraph (b) below, ZAR X will, unless it determines otherwise, make public, in the form and manner ZAR X considers appropriate having regard to Enforcement Rule 1.5.2, any of the following matters:
 - (i) enforcement action (including pursuant to Rule 2.4) against a Relevant Person, including the exercise by ZAR X of any of its powers under Enforcement Rules 2.2.1 or 2.2.2;
 - (ii) the suspension or termination of a Relevant Person's admission as a Participant in a default situation;
 - (iii) such other matters that are set out in the Enforcement Procedures.
- (b) an Appeal Tribunal will, unless it determines otherwise, direct ZAR X to make public, in the form and manner ZAR X considers appropriate having regard to Rule 1.5.2, any of the following matters:
 - (i) enforcement action against a Relevant Person which has been the subject of an appeal (and has not been entirely set aside), including the exercise by ZAR X of any of its powers under Enforcement Rules 2.2.1 or 2.2.2 and the affirmation or variation by an Appeal Tribunal of such exercise of powers;
 - (ii) the suspension or termination of a Relevant Person's admission as a Market Participant in a default situation which has been the subject of an appeal;
 - (iii) such other matters that are set out in the Enforcement Procedures.
- (c) Unless ZAR X or an Appeal Tribunal (as the case may be) determines otherwise, an announcement or publication made under Rule 4.1.1(a) or 4.1.1(b) will include:
 - (i) the name of the Relevant Person, except in the circumstances set out in the Enforcement Procedures; and
 - (ii) any other information which ZAR X or the Appeal Tribunal (as the case may be) considers relevant to those matters.

4.1.2 Disclosure

A Relevant Person must not take (and must procure that its Employees do not take) any action or proceeding (including without limitation an action for damages) against any person for publishing or circulating any announcement, or which would stop any person from publishing or circulating any announcement under Rule 4.1.1 (or under any other relevant Rule which permits such announcement or publication) or making any record in the register under Rule 4.1.3. Any person against whom an action or proceeding is taken in breach of this Rule 4.1.2 may rely on this Rule 4.1.2 as a defence to that action or proceeding.

4.1.3 Register of banned Relevant Persons

ZAR X will enter the name of a Relevant Person in respect of whom an order is made under Rule 2.2.1(f) on a register made available to all Market Participants.

4.2 Imposition of penalty

4.2.1 Payment of monetary penalties and costs

Any monetary penalty or cost is a debt to ZAR X due and payable by the Relevant Person on whom it is imposed or by whom it is payable, and shall be payable within twenty eight (28) Business Days of a decision being notified to a Relevant Person unless expressly provided otherwise in the Enforcement Procedures. ZAR X will add VAT to the monetary penalty or cost notified to the Relevant Person.

4.2.2 ZAR X may terminate Participant Status

If the monetary penalty or cost referred to is not paid by the Relevant Person by the due date ZAR X may suspend or terminate the status and rights of that Relevant Person.

4.2.3 Failure to pay sums payable

Unless expressly provided otherwise in the relevant Rules, if any Relevant Person fails to pay any monetary penalty or cost under this Enforcement Rulebook (in this Rule 4.2.3, a "Sum") for which it is liable to ZAR X, within 1 month from the time when such sum became payable, the amount of such sum will carry interest at the Prime Rate as published by First National Bank plus 3 percentage points.

4.2.4 ZAR X may pursue legal action

Notwithstanding any termination of Relevant Person status, ZAR X may by legal action pursue payment of the monetary penalty or cost (together with interest) or may accept security therefore or may agree to payment over a period of time.

4.2.5 Monetary penalty under Alleged Minor Infringement Notice

For the avoidance of doubt, Enforcement Rules 4.2.1 to 4.2.4 do not apply to a monetary penalty under an Alleged Minor Infringement Notice, although ZAR X will add VAT to the monetary penalty under an Alleged Minor Infringement Notice.



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**ENFORCEMENT
AND APPEALS
PROCEDURES**

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SECTION 1

SCOPE OF RULEBOOK

PROCEDURE 1.7.1

Methods of giving notice in writing

Unless otherwise specified in correspondence with a Participant, documents addressed to an Appeal Tribunal should be addressed to:

The Chairperson
ZARX Appeal Tribunal
2nd Floor, Lacey Oak House
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston
2021
e-mail: [appealtribunal@zarx.co.za]

Unless otherwise specified by an Appeal Tribunal, any notice or correspondence to an Appeal Tribunal may be given by:

- (a) delivering it in person to the address specified above;
- (b) sending it by registered post or courier to the address specified above;
- (c) e-mail to the e-mail address specified above.

PROCEDURE 1.7.2

Delivery of Notice

Notice or correspondence by:

- (a) Delivery in person, by courier or by registered post is taken to be given at the time of receipt of delivery to the address referred to in Procedure 1.7.1;
- (b) An e-mail to the address nominated in Procedure 1.7.1 is taken to be given two hours after the time the e-mail enters the recipient's information system.

SECTION 2

ENFORCEMENT ACTION

PROCEDURE 2.2.1

General Powers

The maximum monetary penalty that can be imposed by ZAR X under Rule 2.2.1(b) is R1 million exclusive of Value Added Tax. In determining a sanction, ZAR X shall take into account the guidelines set out at Annexure "A" of these Enforcement Procedures.

PROCEDURE 2.3

NOTIFICATION OF PROPOSED ACTION

Submission Notice

For the purposes of Rule 2.3.1(a) the Submission Notice will include, but is not limited to, the following information:

- (a) the Rules that are alleged to have been contravened or the condition(s) alleged to have been breached by the Relevant Person;
- (b) facts and circumstances giving rise to the alleged contravention or breach;
- (c) preliminary indication of the sanction range that may apply to the contravention or breach;
- (d) principles or factors under Annexure "A" to these Enforcement Procedures taken into account by ZAR X in proposing such sanction range;
- (e) preliminary indication of the type of notice that ZAR X may issue to the Relevant Person (either an Alleged Minor Infringement Notice or an Enforcement Notice);
- (f) the process by which the Relevant Person can respond in writing to the Submission Notice and the time in which the submission must be received; and
- (g) steps ZAR X may take once the written submission from the Relevant Person in response to the Submission Notice is received by ZAR X.

PROCEDURE 2.4

Notification of Alleged Minor Infringement

Procedure 2.4.1(c)

- (a) For the purposes of Rule 2.4.1(c) the matters ZAR X will have regard to include, but are not limited to, the following:
 - the matter is self-reported; and
 - the conduct is isolated and is not continuing; and
 - no Client or third party sustained loss or damage; and
 - the conduct was inadvertent, accidental and unintentional; and
 - the conduct concerns a minor administrative contravention; and
 - the conduct is not indicative of systemic failings in the Relevant Person's compliance processes; and
 - the disciplinary or enforcement action history (including pursuant to Rule 2.4) of the Relevant Person; and
 - the proposed sanction is within the range of a Level 1 Contravention (see Annexure A).
- (b) For the purposes of Rule 2.4.1(c) the Alleged Minor Infringement Notice will include, but is not limited to, the following information:
 - the Rule(s) alleged to have been contravened or the condition(s) alleged to have been breached by the Relevant Person;
 - details of the alleged contravention or breach by the Relevant Person;
 - sanction determined by ZAR X in relation to the alleged contravention or breach;
 - Principles or factors under Annexure "A" to these Enforcement Procedures taken into account by ZAR X in determining such sanction; and
 - consequences of complying or not complying with the sanction determined.

PROCEDURES 2.4.2 and PROCEDURE 2.4.3

Time Period

For the purposes of Enforcement Rules 2.4.2 and 2.4.3 the compliance period is 28 business days from the date of the Alleged Minor Infringement Notice.

PROCEDURE 2.5.1

Information in Enforcement Notice

For the purposes of Rule 2.5.1 the Enforcement Notice will include, but is not limited to, the following information:

- the Rule(s) contravened or the condition(s) breached by the relevant Relevant Person;
- details of the contravention or breach by the Relevant Person;
- sanction determined by ZAR X in relation to the contravention or breach;
- principles or factors under Annexure "A" to these Enforcement Procedures taken into account by ZAR X in determining such sanction;
- consequences of not complying with the sanction determined.

SECTION 3 APPEALS

PROCEDURE 3.1

DECISIONS THAT MAY BE APPEALED

Each appeal notice must identify the decision against which the appeal is made and set out the grounds of appeal. For the purposes of Rule 3.1, any Appeal Notice to be lodged shall be in the following format:

3.1.1 ZAR X Operating Enforcement Rules Appeals

Type of Appeal	Form of Appeal Notice	Time to lodge Appeal Notice	Appeal fees
Rule 3.1.1 (a)	Written notice	No later than 20 Business Days from receipt of the Enforcement Notice.	R10 000 excl VAT
Rule 3.1.1(b)	Written notice	No later than 10 Business Days from receipt of the written reasons for determination.	R10 000 excl VAT
Rule 3.1.1(e) Error Appeal	Written notice	No later than one Business Day from receipt of the reasons for determination.	R10 000 excl VAT

PROCEDURE 3.5.1

Appeal Tribunal Panel

ZAR X will establish an Appeal Tribunal Panel comprising not less than [3] persons nominated by ZAR X from time to time.

In selecting persons for appointment as members of the Appeal Tribunal Panel, ZAR X shall have regard to relevant financial markets and industry experience, knowledge and expertise, or such other qualifications ZAR X considers relevant to that appointment.

Persons appointed to the Appeal Tribunal Panel may include Employees of ZAR X.

PROCEDURE 3.5.3

Chairperson

ZAR X shall select and appoint, from the members appointed under Rule 3.5.1, one or more Chairpersons of the Appeal Tribunal Panel to perform the functions of the Chairperson prescribed by the Enforcement Rules and Enforcement Procedures.

A Chairperson may at any time appoint another member of the Appeal Tribunal Panel to act as the Chairperson's delegate for performing all or any of the functions of the Chairperson prescribed by the Enforcement Rules and Enforcement Procedures. The Chairperson may revoke any such delegation at any time.

In selecting persons for appointment as Chairperson, ZAR X shall have regard to relevant financial markets and industry experience, knowledge and expertise, or such other qualifications ZAR X considers relevant to that appointment.

A Chairperson who is determining an appeal from an ZAR X Enforcement action matter shall be a retired judge, or an advocate or attorney of the High Court.

PROCEDURE 3.5.4

Composition of Appeal Tribunal

An Appeal Tribunal will comprise of [3] or more members, appointed by the Chairperson, drawn from the Appeal Tribunal Panel.

PROCEDURE 3.5.5

Proceedings dates

Where an Appeal Tribunal will consider a matter on written submissions only, the Chairperson shall cause notice to be given to the parties of the date appointed for that hearing.

An Appeal Tribunal may vacate a date on which it will consider a matter on written submissions only and cause notice to be given to the parties of the revised date appointed for that hearing.

Where an Appeal Tribunal has requested the appearance of a Relevant Person, the Chairperson shall cause reasonable notice to be given to the parties of the date, time and place appointed for that hearing.

An Appeal Tribunal may vacate a date on which it will consider a matter for which it has requested the appearance of a Relevant Person and cause reasonable notice to be given to the parties of the revised date, time and place appointed for that hearing.

PROCEDURE 3.6.1

Powers of Appeal Tribunal

Where a Relevant Person appeals a decision of ZAR X under Enforcement Rule 3.1.1(a), the Relevant Person can elect that the appeal be conducted as a fresh hearing to be decided on the basis of the facts and law and submissions made to the Appeal Tribunal as at the date of the fresh hearing (a Rehearing). In order to make this election the Relevant Person must specify in its notice of appeal that it elects that the appeal be conducted as a Rehearing.

Note:

If an appeal of a ZAR X decision referred to in this Enforcement Procedure 3.6.1 is conducted as a Rehearing, the Appeal Tribunal will rehear the matter (i.e. whether a Relevant Person has contravened a Rule or breached a condition imposed by ZAR X under Rules and if so, what if any sanction(s) under Enforcement Rules 2.2.1 or 2.2.2 should be imposed), and the issues of fact and/or law will be reargued before the Appeal Tribunal. In these cases, the Relevant Person has the right to introduce new material not before ZAR X when it made its decision.

In all other cases, the Appeal Tribunal will review the decision of ZAR X (i.e. to issue an Enforcement Notice (being a decision that a Relevant Person has contravened a Rule or breached a condition imposed by ZAR X under the Rules and that a sanction be imposed under Enforcement Rules 2.2.1 or 2.2.2) or the sanction(s) imposed under Enforcement Rules 2.2.1 or 2.2.2 in the Enforcement Notice) to determine whether there was an error which results in the decision not being correct based on the material before ZAR X and the law at the time the decision was made.

In the case of an appeal of a ZAR X decision conducted as a Rehearing under this Enforcement Procedure 3.6.1, the Appeal Tribunal may affirm, vary or set aside the ZAR X decision.

The Appeal Tribunal will:

(a) affirm the ZAR X decision:

where the Appeal Tribunal has determined in respect of one or more contravention or breach of Rule(s) or condition(s) the subject of the Enforcement Notice:

- (i) that the Relevant Person has contravened or breached such Rule(s) or condition(s); and
- (ii) that sanctions be imposed under Enforcement Rules 2.2.1 or 2.2.2 which are the same as the sanctions imposed by ZAR X in the Enforcement Notice; or

(b) vary the ZAR X decision:

where the Appeal Tribunal has determined in respect of one or more (but in the case of (i) or (ii)(B) below, not each) contravention or breach of Operating Rule(s) or condition(s) the subject of the Enforcement Notice:

- (i) that the Relevant Person has not contravened or breached such Rule(s) or condition(s); or
- (ii) that:
 - (A) sanctions be imposed under Enforcement Rules 2.2.1 or 2.2.2 which are different to the sanctions imposed by ZAR X in the Enforcement Notice; or
 - (B) no sanctions be imposed under Enforcement Rules 2.2.1 or 2.2.2; or
 - (C) set aside the ZAR X decision:

where the Appeal Tribunal has determined in respect of each contravention or breach of Operating Rule(s) or condition(s) the subject of the Enforcement Notice:

- (i) that the Relevant Person has not contravened or breached such Rule(s) or condition(s); or
- (ii) that no sanctions be imposed under Enforcement Rules 2.2.1 or 2.2.2.

PROCEDURE 3.6.2

Determination on the Papers

Any oral hearing of an Appeal Tribunal shall take place in private.

The parties may have up to two representatives present to make submissions and, with the permission of an Appeal Tribunal, the parties may have more than two representatives present.

A representative may be an Employee of the party represented, or any other person approved by an Appeal Tribunal, or an advocate or attorney of the High Court.

ZAR X may specify one or more other persons who may attend the Appeal proceedings as observers.

PROCEDURE 3.6.3

Written submissions

Where an entity has lodged its written submissions in relation to a matter other than an appeal from a ZAR X enforcement action, ZAR X may review such submissions and may determine to overturn its earlier decision so as to avoid the need for the continuation of the appeal process.

PROCEDURE 3.6.5**Procedural fairness**

Where its obligations as an operator of a licensed exchange would deem it necessary to deal with appeals in an expedited manner, ZAR X may determine that a Relevant Person be given a shorter period of time to lodge a notice of appeal as set out in Procedure 3.1 and that no written hearing date will be provided by the relevant Appeal Tribunal.

PROCEDURE 3.6.9**Ability of the Appeals Tribunal to award costs or refund of appeal fee**

For the purposes of Enforcement Rule 3.6.9, the Appeal Tribunal may order that ZAR X refund the appeal fee paid to bring the appeal where the appeal is from a determination of ZAR X under Section 2 of the Enforcement Rulebook to issue an Enforcement Notice or any sanction imposed in the notice and the Appeal Tribunal:

- (a) sets aside the decision of ZAR X to issue the Enforcement Notice or the sanction imposed in the notice; or
- (b) varies the decision of ZAR X to issue the Enforcement Notice or the sanction imposed in the notice in the manner sought by the Relevant Person.

PROCEDURE 3.6.11**Reasons for decision**

An Appeal Tribunal shall within 90 days, or such longer period as advised to the parties by the Chairperson if required, of making its decision, notify ZAR X and the other party of the decision and the reasons for its decision in writing.

SECTION 4

ZAR X ANNOUNCEMENT AND IMPOSITION OF PENALTY

PROCEDURE 4.1.1

Announcement

For the purposes of Enforcement Rule 4.1.1(c)(i) if an Alleged Minor Infringement Notice is complied with within the specified time in accordance with Enforcement Rule 2.4.2 the publication of such enforcement action by ZAR X will not name the Relevant Person the subject of the Alleged Minor Infringement Notice.

ANNEXURE

ENFORCEMENT PROCEDURES

ANNEXURE A

ZAR X SANCTION GUIDELINES

These Guidelines set out the principles and factors that ZAR X will generally take into account when determining the sanctions to be imposed for a contravention of the Rules. These Guidelines are not intended to be exhaustive and ZAR X may take account of other relevant circumstances in any individual case.

The types of sanctions that may be imposed

Under Enforcement Rule 2.1.1, ZAR X may take enforcement action if it considers that a Relevant Person has contravened a Rule.

Enforcement Rule 2.2 provides ZAR X with a range of sanction powers which include:

- censure;
- the imposition of a monetary penalty of up to R1 million;
- specifying the form, objectives and timeframe for a new, or an enhanced version of an existing, education and compliance programme designed to prevent future contravention of the Rules by the Relevant Person and its Employees, and a direction the Relevant Person implement such a programme to the satisfaction of ZAR X; and
- where a particular individual was involved in the contravention, orders requiring a Relevant Person employing the individual to change or cease that individual's role or involvement or where the Relevant Person against which the enforcement action is taken is not a Participant, orders requiring that the individual not be employed or otherwise appointed as an Employee of a Market Participant;

General principles in determining sanctions

ZAR X is guided by the following general principles in determining the type and level of sanction to be imposed for a contravention of the Rules:

- (a) sanctions are imposed to protect the interests of ZAR X and the participants and users of the markets and facilities it operates and, in particular, to protect:
 - the fairness, orderliness and transparency of the markets that ZAR X operates;
 - ZAR X's compliance with the FMA; and
 - the reputation of ZAR X and its markets and facilities;
- (b) sanctions should be proportionate to the seriousness of the contravention and the culpability of the Relevant Person in committing the contravention and take account of any relevant mitigating or aggravating factors;
- (c) sanctions should encourage positive compliance outcomes, where Relevant Persons of their own volition promptly report and rectify contraventions of the Rules;
- (d) Relevant Persons who strive "to do the right thing" and who have an effective compliance program, a strong risk management framework and robust financial, operational and technological processes (**see Note 1**) should receive positive recognition for those measures when ZAR X imposes a sanction for any contravention of the Rules that has occurred despite those measures;
- (e) where appropriate, sanctions should serve as a deterrent to future contraventions by the Relevant Person, and as a deterrent to all other Relevant Persons from engaging in similar contraventions;
- (f) sanctions should be more severe for repeat misconduct, or where the relevant misconduct evidences a disregard for the Rules;
- (g) sanctions, particularly non-monetary sanctions, should be tailored to address the relevant misconduct;
- (h) sanctions should be consistently applied in comparable circumstances;
- (i) sanctions should be determined on the basis of the evidence and submissions before ZAR X; and
- (j) sanctions should have regard to the totality principle (refer to "consideration of multiple contraventions" below).

The Principal factors in determining sanctions

The single most important factor in determining the type and level of sanction to be imposed for a contravention of the Rules is the seriousness of the contravention.

For these purposes, ZAR X grades contraventions into three levels of seriousness:

• Level 1 (Minor contravention)

The contravention has not caused any loss or damage to Clients or other Market Counterparties or, if it has, those Clients or Market Counterparties have been, or will be, identified and fully compensated for that loss or damage

AND

The contravention has not had, and was not likely to have had, any adverse impact on:

- the fairness, orderliness or transparency of the markets ZAR X operates;

- ZAR X's compliance with the FMA; or
- the reputation of ZAR X and the markets and facilities it operates.

Likely range of monetary penalty: [R Nil to R100 000 excluding VAT].

- **Level 2 (Material contraventions)**

The contravention is neither a "minor contravention" nor a "serious contravention".

Likely range of monetary penalty: [R100 000 to R250 000 excluding VAT].

- **Level 3 (Serious contravention)**

The contravention has had, or could have had, a serious impact on:

- the fairness, orderliness or transparency of the markets ZAR X operates;
- ZAR X's compliance with the FMA; or
- the reputation of ZAR X and the markets and facilities it operates.

Likely range of monetary penalty: [R250 000 to R1 000 000 excluding VAT].

The descriptions above of the levels of seriousness of a contravention and of the likely range of monetary penalties are for the purposes of guidance only. ZAR X retains the discretion to impose whatever it considers to be an appropriate sanction for a contravention of the Rules even if it falls outside of the likely ranges of monetary penalties specified above.

Another important factor in determining the type and level of sanction to be imposed for a contravention of the Rules is the culpability of the Relevant Person in committing the contravention. ZAR X may have regard to the following factors in assessing the culpability of a Relevant Person for a contravention:

Lower culpability	Higher culpability
The contravention was unintentional and/or inadvertent	The contravention was deliberate or arose because of gross negligence or recklessness on the part of the Relevant Person
The contravention occurred despite the Relevant Person having an effective compliance programme (see Note 1) in place at the time	At the time of the contravention, the Relevant Person did not have an effective compliance programme in place
The contravention occurred despite the Relevant Person having a strong risk management framework and robust financial, operational and technological processes (see Note 1)	The contravention occurred because of, or is indicative of, serious weaknesses in the Relevant Person's risk management framework or in its financial, operational or technological processes
The contravention occurred despite the Employee(s) involved in the contravention being subject to an appropriate level of supervision	The Employee(s) involved in the contravention were not subject to an appropriate level of supervision; The Employee(s) involved in the contravention were directors or senior managers; Directors or senior managers of the Relevant Person were aware of the contravention and condoned it or were tolerant of it
The Relevant Person did not derive a financial benefit or other commercial advantage from the contravention	The Relevant Person derived a financial benefit or other commercial advantage from the contravention
The contravention did not involve the Relevant Person acting unconscionably towards, or otherwise unfairly taking advantage of, Clients or other Market Counterparties	The contravention involved the Relevant Person acting unconscionably towards, or otherwise unfairly taking advantage of, Clients or other Market Counterparties

The more culpable a contravention:

- the more likely ZAR X is to impose a monetary penalty rather than (or in addition to) a censure or other non-monetary sanction; and
- the higher that monetary penalty is likely to be.

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Mitigating and aggravating factors

In determining an appropriate sanction for a contravention of the Rules, ZAR X may take account of relevant mitigating or aggravating factors, including:

Mitigating factors	Aggravating factors
The Relevant Person reported the contravention to ZAR X promptly and candidly	The Relevant Person failed to report, or unreasonably delayed reporting, the contravention to ZAR X When it reported the contravention, the Relevant Person did not report all material facts of which it was aware concerning the contravention
The Relevant Person assisted and cooperated with ZAR X in its investigation	The Relevant Person resisted or hindered ZAR X in its investigation
The Relevant Person made an early decision to admit, or not to contest, the contravention	The Relevant Person contested the contravention despite clear evidence that it had occurred
The Relevant Person has demonstrated genuine contrition in relation to the contravention	The Relevant Person has not demonstrated any genuine contrition in relation to the contravention
The Relevant Person has taken appropriate and proportionate disciplinary action against the Employee(s) involved in the contravention	The Relevant Person has failed to take appropriate and proportionate disciplinary action against the Employee(s) involved in the contravention
The Relevant Person has implemented, or has undertaken to implement, meaningful measures to prevent a recurrence of the contravening conduct	The Relevant Person has not implemented, and has not undertaken to implement, any meaningful measures to prevent a recurrence of the contravening conduct
The contravention was an isolated incident	The contravention <ul style="list-style-type: none"> • is a recurring contravention; or • occurred over an extended period of time
The Relevant Person has a good history of complying with the Rules (see Note 2)	The Relevant Person has a poor history of complying with the Rules (see Note 2)
The Relevant Person placed reasonable reliance upon independent professional and considered accounting or legal advice that the conduct in question did not contravene the Operating Enforcement Rules	

A preponderance of mitigating factors over aggravating factors will generally result in a lower penalty, while a preponderance of aggravating factors over mitigating factors will generally result in a higher penalty, subject in all cases to the penalty being appropriate for the seriousness and culpability of the contravention concerned.

Encouraging positive compliance outcomes

In determining a sanction for a contravention of the Rules, ZAR X will view with favour a Relevant Person who, of its own volition, promptly reports and rectifies that contravention. By doing so, the Relevant Person is implementing positive measures that serve to mitigate both the seriousness of the contravention and the culpability of the Relevant Person in committing the contravention.

What amounts to rectification of a contravention of the Rules will depend on the circumstances of each case. It may require a Relevant Person, for example:

- to conduct a thorough investigation to identify any Clients or Market Counterparties who have suffered loss or damage as a result of the contravention with a view to compensating them for that loss or damage;
- to take appropriate and proportionate disciplinary action against the Employee(s) involved in the contravention;
- to enhance their supervisory arrangements or financial, operational and technological processes to prevent a recurrence of the contravening conduct; or
- to enhance their compliance program or risk management framework to prevent a recurrence of the contravening conduct and also to reflect the lessons learned from the contravention.

Consideration of multiple contraventions

Under the totality principle, where a single transaction or course of conduct has led to multiple contraventions of the Rules, ZAR X will generally consider whether the aggregate of the individual monetary penalties that might otherwise be imposed for each individual contravention is appropriate, taking into account all the circumstances.

ZAR X may impose a monetary penalty (or other sanction) in respect of each contravention or it may choose to apply an overall monetary penalty (as well as other sanctions), which may be lower than the sum of the individual monetary penalties that might otherwise be imposed for those breaches if they were considered in isolation.

In addition, under Rule 2.2.4, where a Relevant Person has been found to have engaged in two or more contraventions involving the same provision of the relevant Rules, being contraventions that appear to ZAR X to have been of the same nature or a substantially similar nature and to have occurred at or about the same time or as part of a single course of conduct, ZAR X cannot impose monetary penalties that, in total, exceed the maximum monetary penalty applicable to a single contravention of that Rule.

Note 1

ZAR X expects Relevant Persons to have an effective compliance programme in place to mitigate the risk that they may breach their legal or regulatory obligations, including their obligations under the Rules, and to have a strong risk management framework and robust financial, operational and technological processes, appropriate for the scale and complexity of the business they undertake. A failure to do so falls short of the standards of organisational competence required of Market Participants under the Rules and goes directly to the culpability of a Relevant Person for any contravention of the Rules that occurs as a consequence.

Note 2

Whether a Market Participant has a good history or poor history of complying with the Rules would be evidenced by the number of previous successful enforcement actions by ZAR X against the Relevant Person under Enforcement Rules 2.4 or 2.5 of this Enforcement Rulebook.