FINANCE & BANKING ALERT

IN THIS ISSUE

LISTED DERIVATIVES: ERROR TRADES & AGRICULTURAL PRODUCTS

On 16 October 2015 amendments to the rules of the JSE derivatives division ('rules') came into effect. Previously the rules were silent on the issue of Trade Cancellations and Trade Price Adjustments. The new rules and directives, now provide for situations where a trade is executed as a result of an error made by a broker or its client, and the remedial steps which can be taken thereafter.



LISTED DERIVATIVES: ERROR TRADES & AGRICULTURAL PRODUCTS

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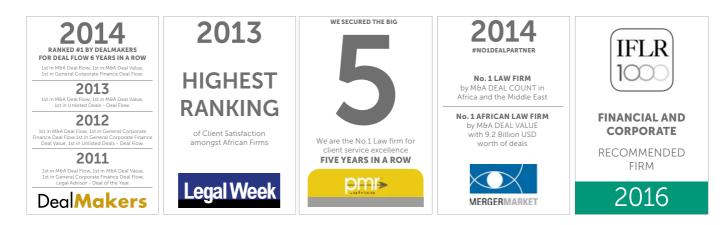
The rules deal with the requirements which must be met for an alleged 'error trade' to be cancelled and the circumstances that the JSE Director: Surveillance ('surveillance') must take into account when making a determination to cancel the alleged 'error trade'. Surveillance may decide to adjust the price of an 'error trade' instead of cancelling it. Surveillance is also given the power to instead allow the 'error trade' to stand. The factors which must be taken into account, when making a decision to cancel, adjust the price, or allow an 'error trade' to stand are not exhaustive and the Director: Surveillance is to use his discretion in each case.

The new directives further set out the detailed procedure to be followed when an alleged 'error trade' is cancelled. The relevant pricing tables in the directives outline the 'no cancellation ranges' for 'Commodity Derivatives' and 'Equity

Derivatives' respectively. The applicable limits and prices for each product type (futures versus options) are delineated in these tables.

Further proposed amendments have been published to deal specifically with physically settled agricultural derivatives listed on the JSE and are available on the FSB website (www.fsb.co.za). The Proposed Amendments are available for public comment and any objections must be lodged with the Registrar within 14 days from the date of publication (ie by this Friday, 30 October 2015). The changes allow more categories of employees of 'Trading Members' who have met certain qualifying criteria (particularly with regard to their registered persons exams) to execute agricultural derivative trades.

Bridget King and Michael Dippenaar





OUR TEAM

For more information about our Finance and Banking practice and services, please contact:



Deon Wilken National Practice Head

Director T +27 (0)11 562 1096 E deon.wilken@cdhlegal.com



Biddy Faber

Director T +27 (0)11 562 1439 E biddy.faber@cdhlegal.com



Carmen de Villiers Directo

T +27 (0)11 562 1324 E carmen.devilliers@cdhlegal.com



Stephen Gie Director

Temba Kali

Director

T +27 (0)21 405 6051 E stephen.gie@cdhlegal.com



T +27 (0)11 562 1482 E temba.kali@cdhlegal.com

Director +27 (0)21 405 6102 E adnaan.kariem@cdhlegal.com



Bridget King Director

Adnaan Kariem

T +27 (0)11 562 1027 E Bridget.King@cdhlegal.com

Jacqueline King Director

+27 (0)11 562 1554 E jacqueline.king@cdhlegal.com



Izak Lessing Director +27 (0)21 405 6013 Т E izak.lessing@cdhlegal.com



Zaaheda Mayet



Mashudu Mphafudi Director T +27 (0)11 562 1093 E mashudu.mphafudi@cdhlegal.com



Gavin Noeth Director T +27 (0)11 562 1371 E gavin.noeth@cdhlegal.com

Jackie Pennington Director T +27 (0)11 562 1131



Preshan Singh Dhulam Director T +27 (0)11 562 1192 E preshan.singh@cdhlegal.com

E jackie.pennington@cdhlegal.com



Pierre Swart Directo



Hunter Thyne Director

+27 (0)11 562 1383 E hunter.thyne@cdhlegal.com

Pride Jani

Senior Associate T +27 (0)21 405 6103 E pride.jani@cdhlegal.com

Michael Dippenaar Associate

T +27 (0)11 562 1206 E michael.dippenaar@cdhlegal.com

Sanelisiwe Mpofana

Associate T +27 (0)11 562 1267

E sanelisiwe.mpofana@cdhlegal.com

BBBEE STATUS: LEVEL TWO CONTRIBUTOR

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JOHANNESBURG

1 Protea Place, Sandton, Johannesburg, 2196. Private Bag X40, Benmore, 2010, South Africa. Dx 154 Randburg and Dx 42 Johannesburg. T +27 (0)11 562 1000 F +27 (0)11 562 1111 E jhb@cdhlegal.com

CAPE TOWN

11 Buitengracht Street, Cape Town, 8001. PO Box 695, Cape Town, 8000, South Africa. Dx 5 Cape Town. T +27 (0)21 481 6300 F +27 (0)21 481 6388 E ctn@cdhlegal.com

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