



4AX EXCHANGE RULES

4 AFRICA EXCHANGE PROPRIETARY LIMITED

2013/031754/07

VERSION 02

(Effective Date 2nd October 2017)

This document sets out the Rules of the 4AX Exchange that concern the conduct and activities of 4AX, Authorised Users, the Registry, Issuers and Clients

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INTRODUCTION

- 1.1 4AX is licensed to operate an Exchange in South Africa to bring together buyers and sellers of Securities.
- 1.2 These Rules are the operating Rules in respect of the Exchange and are binding on the Exchange, all Authorised Users, Issuers and Clients.
- 1.3 These Rules should be read in conjunction with the FMA and any Procedures that 4AX may adopt from time to time.
- 1.4 These Rules apply to an Authorised User only to the extent that the Rules apply to the Securities Service or Services for which that Authorised User has been authorised by 4AX.
- 1.5 These Rules seek to promote an efficient, honest, transparent and fair market by defining how Authorised Users can participate on the Exchange, how the Exchange will operate and how compliance with the Rules will be enforced.

2 DEFINITIONS AND INTERPRETATION

- 2.1 In these **Rules** the following words shall have the following meanings:

“Access Code”	means a unique username and password that enables an Authorised User Representative to access the Exchange Technology;
“Advice”	has the meaning ascribed to it in the FMA;
“Anti-Money Laundering Laws”	means the legislation consisting of the FICA, Prevention of Organised Crime Act, 121 of 1998 and the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 33 of 2004;
“Applicant”	means the entity seeking to be admitted to participate as an Authorised User on the Exchange;
“Application Form”	means the application form for admission as an Authorised User as set out in the Procedures;
“Approved Settlement Bank”	means an authorised deposit taking institution which is the custodian of Securities traded on the Exchange and has been delegated the function of holding funds to facilitate the clearing and settlement arrangements of the Exchange;
“Authorised User”	has the meaning ascribed to it in the FMA;
“Authorised User Identification Number”	means the unique identification number allocated by the Exchange to each Authorised User
“Authorised User Additional Representative”	means an additional Employee of an Authorised User that has been authorised by the Authorised User to submit Orders and execute Transactions on the Exchange on behalf of the Authorised User;
“Authorised User’s Cash Account”	means the Authorised User’s cash account with the Exchange which reflects the Authorised User’s cash balance held in the 4AX Escrow Account;

“Authorised User’s Operations Account”	<p>means the account at a bank registered in terms of the Banks Act designated by the Authorised User for:</p> <ul style="list-style-type: none"> a) the transfer of funds <i>via</i> direct debit arrangements to the 4AX Operations Account; and b) the transfer of funds from the 4AX Escrow Account;
“Authorised User Primary Representative”	means an Employee of an Authorised User that has been authorised by the Authorised User to submit Orders and execute Transactions on the Exchange on behalf of the Authorised User and to act as the primary point of contact for the Authorised User;
“Authorised User Representative”	means the Authorised User Primary Representative or an Authorised User Additional Representative (if any);
“Bank”	has the meaning ascribed to it in the Banks Act;
“Banks Act”	means the Banks Act, 94 of 1990, as amended;
“Bid”	means an electronic message submitted on the Exchange to buy a Security;
“Board”	means the Board of directors of 4AX as constituted from time to time;
“Business Day”	means any day that is not a Saturday, Sunday or official public holiday in South Africa and on which the Exchange is open for business and any other day notified by the Exchange to an Authorised User;
“Capital Adequacy Requirements”	means the capital adequacy requirements, guarantee and risk management requirements as set out under Rule 13.2.6;
“Clear” or “Clearing”	has the meaning ascribed to it in the FMA;
“Client”	has the meaning ascribed to it in the FMA;
“Client Protection Fund” or “Fund”	means the Client Protection Fund established in terms of Rule 25;
“Companies Act”	means the Companies Act, 71 of 2008, as amended from time to time;
“Compliance Committee”	means the committee established within the Exchange by the Board to review and decide on a particular matter in accordance with these Rules;
“Control”	has the meaning ascribed to it in the Companies Act;
“CSD”	means a central securities depository and has the meaning ascribed to it in the FMA;
“CSD Rules”	means the rules of the CSD as approved by the FSB;
“Director”	has the meaning ascribed to it in the Companies Act;
“Dispute”	means a market-related dispute referred to in Rule 23.1;
“Employee”	means a Director, employee, officer, agent, representative, consultant, adviser or contractor of an Authorised User or the Exchange, as the case may be;

“Exchange”	means the licensed and regulated exchange for specified types of Securities to be operated by 4AX in terms of the Exchange Licence and has the meaning ascribed to it in the FMA;
“Exchange Directive”	has the meaning ascribed to it in the FMA;
“Exchange Licence”	means a licence to operate an Exchange issued in accordance with the FMA;
“Exchange Technology”	means the electronic trading platform operated and maintained by the Exchange allowing Authorised Users to trade Securities on the Exchange;
“FAIS”	means the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended;
“FICA”	means the Financial Intelligence Centre Act, 28 of 2001, as amended;
“FMA”	means the Financial Markets Act, 19 of 2012 and any subordinate legislation including any regulations, notices or directives issued by the Registrar;
“Force Majeure Event”	means an event or circumstance that, acting reasonably, the Exchange or an Authorised User could not have prevented or foreseen and includes fire, flood, earthquake, epidemic, war and threat of or preparation for war or, acts of terrorism;
“FSB”	means the Financial Services Board established under the Financial Services Board Act, 97 of 1990;
“FSP”	has the meaning ascribed to a “ <i>Financial Services Provider</i> ” as contemplated in terms of FAIS;
“Group” or “Group of Companies”	means a holding company and all of its subsidiaries;
“IFRS”	means the International Financial Reporting Standards formulated by the International Accounting Standards Board;

- “Independent Member”** means an independent member who:
- a) is not a representative of a shareholder of 4AX who has the ability to control or significantly influence management;
 - b) has not been employed by 4AX or the Group, in any executive capacity for the preceding three years;
 - c) is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by 4AX or the Group in an executive capacity;
 - d) is not a Director and/or professional advisor to 4AX or the Group;
 - e) is free from any business or other relationship which could be seen to materially interfere with an individual’s capacity to act in an independent manner;
 - f) does not have a direct or indirect beneficial interest in 4AX (including any holding company or subsidiary in a Group) which exceeds 5% (five percent) of the Group’s total number of shares in issue;
 - g) does not have a direct or indirect interest in 4AX which is less than 5% (five percent) of the Group’s total number of shares in issue, but is material to his personal wealth; and
 - h) does not receive remuneration contingent upon the performance of 4AX;
- “Initial Capital Amount”** means the starting capital that an Authorised User is required to possess upon admission to the Exchange as contained in Rule 13.2.6;
- “Insolvency Proceeding”** means a judicial or administrative proceeding or both, authorised in or by national legislation or the laws of a country other than South Africa, including business rescue or any other interim proceeding, in which the assets and affairs of a Person are subject to the control or supervision by a court or an insolvency administrator for the purpose of reorganisation, business rescue, curatorship or liquidation, and includes, but is not limited to any proceeding under-
- a) the Companies Act;
 - b) the Insolvency Act, 24 of 1936;
 - c) the Banks Act;
 - d) the FMA;
 - e) the Financial Institutions (Protection of Funds) Act, 28 of 2001; and
 - f) the National Payment Systems Act, 78 of 1998;

“Intellectual Property Rights”	means all rights in any patent, copyright, database rights, registered design or other design right, utility model, trade mark (whether registered or not), brand name, service mark, trade name, eligible layout right, chip topography right and any other rights of a proprietary nature in or to the results of intellectual activity in the industrial, commercial, scientific, literary or artistic fields, whether registrable or not and wherever existing in the world, including all renewals, extensions and revivals of, and all rights to apply for, any of the foregoing rights owned, used, or intended to be used, by an Authorised User or the Exchange whether or not registered, registrable or patentable;
“Issuer”	has the same meaning ascribed to it in the FMA;
“Issuer Regulation Committee”	means the committee appointed by the Board in terms of the Listing Requirements which has the responsibility of ensuring compliance with the Listing Requirements and taking the appropriate actions as may be necessary to manage non-compliance with the Listing Requirements by Issuers and any risks arising as a result of non-compliance;
“Legal, Compliance and Issuer Regulation Division”	means the division of 4AX which reports to the Head of Legal, Compliance and Issuer Regulation;
“Listing Requirements”	means the listing requirements of 4AX, as amended from time to time by the Exchange;
“Nominee”	has the meaning ascribed to it in the FMA;
“Offer”	means an electronic message submitted on the Exchange to sell a Security;
“Order”	means a Bid or an Offer;
“Participant”	has the same meaning ascribed to it in the FMA;
“Person”	has the meaning ascribed to it in Chapter 1 of the Companies Act and includes a natural or juristic person;
“POPI”	means the Protection of Personal Information Act, 4 of 2013, as amended;
“Procedures”	means the Exchange Procedures made by the Exchange under Rule 4 and read in conjunction with the Rules;
“Product Account”	means the account in the CSD that the Authorised User has exclusively dedicated for use in connection with the Exchange by exclusively authorising the Exchange to transfer Securities out of this account in accordance with these Rules;
“Registrar”	has the same meaning ascribed to it in the FMA;
“Registry”	is the Person contracted by the Exchange to perform the services and/or functions under Rule 16.15, which services and/or functions are recorded in the Registry Services Agreement;

“Registry Services Agreement”	means the agreement required to be entered into by and between the Registry and an Issuer prior to Listing, in terms of which agreement the Registry will render Registry services and (to the extent agreed upon by the Registry and an Issuer concerned) non-Registry services to such Issuer;
“Related Party”	has the same meaning ascribed to it in the Companies Act;
“Restrictions”	means any limitation in terms of the Listing Requirements on the transferability of Securities based on the type of Client that can trade in or own Securities;
“Rules”	means these Rules, as amended from time to time;
“Securities”	has the meaning ascribed to it in the FMA and for the purposes of the Exchange: <ul style="list-style-type: none"> a) the entire class or classes of an Issuer’s ordinary share capital; b) the entire class or classes of an Issuer’s preference share capital; and/or c) debentures, bonds, notes, commercial paper and other fixed or floating interest instruments, <p>irrespective of their form or title, issued or authorised to be issued by an Issuer;</p>
“Securities Services”	has the same meaning ascribed to it in the FMA;
“Senior Management”	has the same meaning ascribed to it in the FMA, and Senior Manager has a corresponding meaning;
“Settle” or “Settlement”	has the same meaning ascribed to it in the FMA;
“South Africa”	means the Republic of South Africa, as constituted from time to time;
“Stockbroker”	has the same meaning ascribed to it in the FMA;
“Suspension Event”	means any of the following events: <ul style="list-style-type: none"> a) a failure of an electronic interface between the Exchange Technology, Authorised Users or the Approved Settlement Bank; and/or b) a <i>Force Majeure</i> Event; and/or c) a fraudulent act by an Authorised User which has or is reasonably expected to have an effect on the operation of the Exchange Technology or the Exchange; and/or d) a decision by the Exchange to exercise its powers under these Rules to suspend: <ul style="list-style-type: none"> a. an Authorised User’s access to the Exchange; or b. trading in a specific type of Security; or c. the operation of the Exchange
“Transaction”	means the contract between the Authorised Users on behalf of Clients responsible for the entry of an Offer and a Bid that have been Cleared by the Exchange;

“VAT”	means value-added tax levied in terms of the VAT Act;
“VAT Act”	means the Value-Added Tax Act, 89 of 1991, as amended;
“4AX”	means 4 Africa Exchange Proprietary Limited (Registration number: 2013/031754/07), duly incorporated as a company under the laws of South Africa;
“4AX Escrow Account”	means a cash account at the Participant and/or Approved Settlement Bank in the name of the Exchange but used for the purpose of receiving, holding and transferring money for and on behalf of Clients for Transactions executed or to be executed on the Exchange;
“4AX News Service”	means a news service operated by 4AX for the purpose of disseminating information in relation to 4AX, 4AX Authorised Users and Issuers or Listed Securities and for communication between 4AX and Authorised Users, Issuers and/or Issuer Agents
“4AX Account”	Operations means the account at a Bank that is registered in terms of the Banks Act, designated by the Exchange for the transfer of funds from each Authorised User’s Operations Account; and
“4AX Order Book”	means the centralised record system on the Exchange Technology for recording all Orders.

2.2 In these Rules:

- 2.2.1 headings are for convenience only and do not affect interpretation;
- 2.2.2 words denoting the singular shall include the plural, and *vice versa*;
- 2.2.3 words denoting any gender shall include all genders;
- 2.2.4 a reference to a Rule includes all components of that Rule;
- 2.2.5 a reference to time is a reference to the time in Johannesburg, South Africa;
- 2.2.6 a reference to currency is South African Rand (R or ZAR), unless otherwise indicated;
- 2.2.7 words and expressions defined in the Companies Act, the FMA, or VAT Act will, unless otherwise defined in these Rules or the contrary intention appears, have the same meaning in these Rules;
- 2.2.8 a reference to:
 - 2.2.8.1 a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - 2.2.8.2 a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - 2.2.8.3 a party to this document or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;
 - 2.2.8.4 a Person includes any type of entity or body of Persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the Person; and
 - 2.2.8.5 anything (including a right, obligation or concept) includes each part of it;

- 2.2.9 an interpretation that promotes the purpose of a Rule (whether expressed in the Rules or not) is to be preferred to another interpretation;
- 2.2.10 an interpretation that is consistent with the CSD Rules (whether expressed in the Rules or not) is to be preferred to another interpretation;
- 2.2.11 a Rule is not to be interpreted against the interests of the Exchange merely because it prepared these Rules or because it relies on a provision of these Rules to protect itself; and
- 2.2.12 the relevant Rules, to be considered when considering an act or omission that may constitute a breach of the Rules, are those Rules that are in force at the relevant time of the act or omission.

2.3 Governing Law and Jurisdiction

- 2.3.1 These Rules will be interpreted in accordance with and governed by the laws in force in South Africa.
- 2.3.2 The Exchange and each Authorised User irrevocably and unconditionally submit to and accept the non-exclusive jurisdiction of the South Gauteng High Court, Johannesburg in South Africa and irrevocably and unconditionally waive any immunity from, or any objection to, any action in the courts exercising any jurisdiction in South Africa.

3 NATURE OF THE RULES

- 3.1 All Securities will be traded, Settled and Cleared by the Exchange and Authorised Users in accordance with these Rules.
- 3.2 These Rules should be read in conjunction with:
 - 3.2.1 the Companies Act;
 - 3.2.2 the FMA;
 - 3.2.3 the VAT Act;
 - 3.2.4 the Exchange Directives; and
 - 3.2.5 the Procedures.
- 3.3 Binding Nature of Rules:
 - 3.3.1 These Rules and the Exchange Directives are binding on:
 - 3.3.1.1 the Exchange and its Employees;
 - 3.3.1.2 Authorised Users, Authorised User Representatives and their Employees;
 - 3.3.1.3 Issuers and their Employees;
 - 3.3.1.4 Issuer Agents (as defined in the Listing Requirements); and
 - 3.3.1.5 Clients of Authorised Users.
 - 3.3.2 These Rules and the Exchange Directives have effect as a binding contract:
 - 3.3.2.1 between the Exchange and each Authorised User; and
 - 3.3.2.2 as a continuous trading contract between each Authorised User and each other Authorised User under which:
 - 3.3.2.2.1 each Authorised User agrees to observe and to engage in the conduct required by the Rules; and

3.3.2.2.2 the Exchange agrees to observe and to engage in the conduct required by the Rules.

3.4 Inconsistencies with the Rules:

3.4.1 If there is any inconsistency between these Rules and the Procedures or the Exchange Directive, the terms of these Rules will prevail.

3.4.2 If there is any inconsistency between these Rules and any national legislation, the national legislation and the Rules will apply concurrently to the extent that it is possible to apply and comply with the inconsistent provisions without contravening national legislation or the Rules. If this is not possible, then the national legislation will prevail.

3.5 Amendment to the Rules:

3.5.1 These Rules may only be added to, amended or deleted (amendments) by the Exchange in accordance with this Rule.

3.5.2 Subject to the provisions of the FMA, to amend or suspend a Rule the Exchange will:

3.5.2.1 inform the Authorised Users, in writing, of the proposed amendment and call for any objections to the proposed amendment, to lodge with the Exchange within a period of 10 (ten) days from the date of such communication in writing;

3.5.2.2 publish the proposed amendment on the FSB's official website;

3.5.2.3 consider any objections lodged within 10 (ten) days of receipt and make a decision as to whether or not to proceed with the adoption of the proposed amendment;

3.5.2.4 submit the proposed amendment, accompanied by an explanation of the reasons for the proposed amendment to the Registrar, should it elect to proceed with the adoption of the proposed amendment after the time period stipulated in Rule 3.5.2.1 has lapsed;

3.5.2.5 ensure that the Registrar publishes a notice of the proposed amendment in the Government Gazette;

3.5.2.6 obtain the required approval of the FSB for the proposed amendment;

3.5.2.7 stipulate the effective date for the proposed amendment to take effect, as the Exchange in its sole and absolute discretion may decide;

3.5.2.8 circulate the amended Rules to the Authorised Users; and

3.5.2.9 make the amended Rules publicly available.

3.6 Waiver of the Rules

3.6.1 Subject to the FMA and the rules of administrative justice, the Compliance Committee may relieve an Authorised User from the obligation to comply with a provision of these Rules, either generally or in a particular case, category or specific Transaction, either unconditionally or subject to such conditions as the Compliance Committee thinks fit.

3.6.2 If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective.

3.6.3 A waiver is only valid for a period of one year unless otherwise stated in

the waiver. An Authorised User must apply for a waiver to be reviewed and reinstated on an annual basis, unless it is valid for a longer period in which case the renewal date and obligation will be set out in the waiver.

- 3.6.4 The Head of Legal, Compliance and Issuer Regulation Division will maintain a register of waivers granted under this Rule.
- 3.6.5 Subject to the FMA and the rules of administrative justice, the Exchange may at its absolute discretion keep confidential any aspect of a waiver that has been granted or applied for.
- 3.6.6 Subject to the FMA and the rules of administrative justice, an Authorised User must keep confidential the conditions and existence of any waiver granted to the Authorised User.
- 3.6.7 An Authorised User must notify the Exchange immediately upon having knowledge of any breach of a waiver or a condition within a waiver.
- 3.6.8 Failure to comply with the terms and conditions of a waiver will render the Authorised User liable for contravening the Rule to which the waiver applied and this Rule.

4 EXCHANGE PROCEDURES

- 4.1 The Board may, on the recommendation of the Compliance Committee, approve written Procedures relating to the operation of these Rules, the Exchange and the conduct of Authorised Users.
- 4.2 The Board may, on the recommendation of the Compliance Committee, amend the Procedures and create new Procedures, at any time by providing prior notice to Authorised Users.
- 4.3 The Procedures do not form part of the Rules, except where a Rule requires compliance with the Procedures, in which case failure to comply with the Procedures is a breach of that Rule.

5 EXCHANGE DIRECTIVES

- 5.1 The Board will from time to time issue Exchange Directives to Authorised Users and other stakeholders in connection with these Rules, the Procedures and the operation of the Exchange to amplify, explain and interpret the Rules.
- 5.2 Before issuing an Exchange Directive, the Board will consult with and provide Authorised Users and stakeholders with a reasonable opportunity to make submissions.
- 5.3 Exchange Directives must be complied with by Authorised Users.
- 5.4 In the event that an Exchange Directive conflicts with any one of these Rules, the relevant Rule will take precedence over the Exchange Directive.

6 COMPLIANCE COMMITTEE

- 6.1 The Compliance Committee shall be responsible for the Exchange's compliance with the Rules which shall include the following roles::
- 6.1.1 advising the Board on the Rules, Procedures and Exchange Directives and any matters arising pursuant thereto;
 - 6.1.2 informing the FSB as soon as it becomes aware of any matter that may reasonably pose systemic risk to the South African financial markets;
 - 6.1.3 reviewing decisions of the Chief Executive Officer and the Senior Managers on an *ad hoc* basis in accordance with the Rules and the Procedures, including an act or omission dealing with:
 - 6.1.3.1 issuing temporary modifications, restrictions or suspensions of Authorised Users' access to the Exchange; and
 - 6.1.3.2 dealing with Disputes with or between Authorised Users, including but not limited to;
 - 6.1.4 considering an Application Form as an Authorised User of the Exchange;
 - 6.1.5 supervising compliance by Authorised Users with the Rules, Procedures and Exchange Directives;
 - 6.1.6 supervising compliance with the FMA by Authorised Users and to report any non-compliance to the FSB to assist the Registrar in enforcing the FMA;
 - 6.1.7 fair and consistent enforcement and disciplinary action of Authorised Users, imposing appropriate sanctions for non-compliance and allowing the Issuer Regulation Committee to hear and adjudicate on any appeals against acts and omissions of the Compliance Committee; and
 - 6.1.8 hearing and adjudicating on any appeals against the acts and/or omissions of the Issuer Regulation Committee.
- 6.2 The Compliance Committee has all powers necessary to fulfil its mandate including broad powers to require input from any Authorised User and its Employees.
- 6.3 The composition of the Compliance Committee shall comprise of:
- 6.3.1 the Head of Legal, Compliance and Issuer Regulation Division or, in his or her absence, the Chief Executive Officer; and
 - 6.3.2 a minimum of 2 (two) Independent Members.
- 6.4 The FSB will be invited to send a representative and the Compliance Committee may deem it appropriate to co-opt other members from time to time. Invitees will have no voting rights in relation to matters considered by the Compliance Committee.
- 6.5 The quorum requirements for Compliance Committee meetings is a majority of non-conflicted members.
- 6.6 Compliance Committee meetings are chaired by an Independent Member, whom the Compliance Committee will elect for a 1 (one) year term. In the absence of the Elected Chairperson, the Compliance Committee shall elect another Independent Member to be the Chairperson of such Compliance Committee meeting.

- 6.7 Compliance Committee members should excuse themselves if they have a conflict of interest, provided that the Chief Executive Officer or Senior Manager shall automatically be excused for a complaint in terms of Rule 8 made against the Chief Executive Officer or Senior Manager.
- 6.8 The Compliance Committee meets as and when required but no less than twice a calendar year.
- 6.9 The Exchange will keep a register of all decisions taken by the Compliance Committee.

7 DISCIPLINARY PROCEEDINGS

- 7.1 The Compliance Committee will consider apparent or suspected contraventions of these Rules by Authorised Users or Authorised User Representatives which are brought to its attention by:
 - 7.1.1 the Chief Executive Officer or any Senior Manager of the Exchange;
 - 7.1.2 any Authorised User or Authorised User Representative, including any self-reporting; or
 - 7.1.3 any other means.
- 7.2 The Compliance Committee will inform the affected Authorised User or Authorised User Representative of:
 - 7.2.1 the alleged contraventions of the Rules and any factors aggravating or mitigating such contraventions;
 - 7.2.2 the likely penalty (in accordance with Rule 9) the Compliance Committee would impose for an admission of wrongdoing by the Authorised User or the Authorised User Representative to the alleged contraventions;
 - 7.2.3 the right to make written representations to the Compliance Committee in response to the alleged contraventions and to be allowed to produce any evidence in defence of this;
 - 7.2.4 the Compliance Committee's approach to dealing with the alleged contraventions which may or may not include a formal disciplinary proceeding, with personal attendance by the Authorised User or the Authorised User Representative and the time lines relating thereto; and
 - 7.2.5 any additional information that the Compliance Committee may feel is useful or necessary to make a finding.
- 7.3 If the Compliance Committee determines in its discretion that an Authorised User or Authorised User Representative has contravened any of the Rules, it shall, within 10 (ten) Business Days of making such a determination, issue a notice to the Authorised User, or Authorised User Representative containing:
 - 7.3.1 details of the Rule that has been contravened;
 - 7.3.2 the facts and circumstances that gave rise to the contravention and reasons in support of the determination;
 - 7.3.3 one or more sanctions set out in Rule 9 that is imposed for the contravention; and
 - 7.3.4 the rights of the Authorised User or Authorised User Representative to appeal in terms of Rule 11.
- 7.4 Subject to a right to appeal in terms of Rule 11, decisions of the Compliance Committee is binding on the Authorised User and the Exchange and will come into effect on:
 - 7.4.1 a waiver by the Authorised User or the Authorised User Representative of the right to appeal in terms of Rule 11;

- 7.4.2 the expiry of the appeal period allowed for in Rule 11, without an appeal having been lodged; or
- 7.4.3 the Issuer Regulation Committee having made a finding on the appeal in terms of Rule 11.

8 COMPLAINT PROCESS

- 8.1 A Client, Authorised User or any interested party may notify the Chief Executive Officer or a Senior Manager of any complaint about any Employee, Authorised User or Authorised User Representative arising in relation to any of the Rules or any activities involving the Exchange or Securities. Where a complaint relates to the Chief Executive Officer, the complainant may approach the Compliance Committee directly and this Rule 8 should be read accordingly.
- 8.2 The Chief Executive Officer or Senior Manager (or the Compliance Committee, if applicable) will consider a complaint as soon as reasonably practicable following the referral in terms of this Rule.
- 8.3 In considering a complaint, the Chief Executive Officer or Senior Manager (or the Compliance Committee, if applicable) may make any enquiries relevant to the complaint, seek information from the relevant Client, Authorised Users, Authorised User Representative or Employee and determine how the complaint will be considered.
- 8.4 The Chief Executive Officer or Senior Manager (or the Compliance Committee, if applicable) may decide to take any action (or refrain from taking action) and give any directions it considers appropriate in relation to the complaint. Where the Compliance Committee takes action against the Chief Executive Officer or Senior Manager in terms of this Rule 8, its decision shall be final and binding on all parties and there shall be no appeal to the Issuer Regulation Committee in terms of Rule 11.
- 8.5 The Chief Executive Officer or Senior Manager (or the Compliance Committee, if applicable) will notify each relevant Employee, Authorised User or Authorised User Representative involved in the complaint and the complainant, of the action, if any, it proposes to take.
- 8.6 The Chief Executive Officer or Senior Manager (or the Compliance Committee, if applicable) will not take steps to implement the action proposed in a notice issued pursuant to Rule 8.5 unless:
- 8.6.1 the period for notifying a request for a review under Rule 10.1.1 has expired (unless the Authorised Users affected agree to waive that period); or
 - 8.6.2 in the opinion of the Chief Executive Officer or Senior Manager (or the Compliance Committee, if applicable) circumstances require the proposed action to be taken immediately.
- 8.7 Nothing in this Rule 8 precludes the Exchange from taking any other action which it is permitted to take under the Rules and the Procedures in connection with a complaint including, without limitation, the taking of disciplinary action under Rule 7.

9 POWERS TO IMPOSE PENALTIES AND SANCTIONS

- 9.1 The Compliance Committee may, by agreement with an Authorised User and without making a determination under Rule 7.3, impose a penalty of the kind described in Rule 9.3 in relation to a contravention of these Rules or an alleged contravention of these Rules.
- 9.2 Authorised Users may submit a proposed outcome to the Compliance Committee for its consideration. The Compliance Committee is not bound to accept the proposed outcome.
- 9.3 The Compliance Committee may impose or utilise one or more of the penalties set out in section 71(6) of the FMA in relation to a contravention of the Rules and/or:
- 9.3.1 a disqualification from acting as an Authorised User for any period of time;
 - 9.3.2 a public statement identifying the Authorised User and outlining the contravention of the Rules;

- 9.3.3 disgorgement of any profit arising from the contravention of the Rules;
 - 9.3.4 an order to pay the reasonable costs of the Compliance Committee;
 - 9.3.5 obtain an undertaking by the Authorised User to complete an education and/or compliance program;
 - 9.3.6 any other sanction set out in the Rules; or
 - 9.3.7 any other penalty that is appropriate in the circumstances.
- 9.4 The Compliance Committee must provide reasons to the Authorised User when imposing a fine referred to in Rule 9.3.
- 9.5 If an Authorised User fails to pay a fine referred to Rule 9.3, the Exchange may file with the clerk or Registrar of any competent court a statement certified by it as correct, stating the amount of the fine imposed and such statement thereupon has all the effects of a civil judgment lawfully given in that court against that Person in favour of the Exchange for a liquid debt in the amount specified in the statement.
- 9.6 Any fine or penalty imposed and paid in terms of these Rules shall be credited to the Client Protection Fund.

10 REVIEW PROCESS OF EXECUTIVE ACTIONS

- 10.1 An Authorised User or, where it relates to an Authorised User Representative, an Authorised User Representative may request that the Compliance Committee review any action of the Chief Executive Officer or Senior Managers by notifying the Exchange of that request in accordance with these Rules, provided the request:
- 10.1.1 is notified to the Head of Legal Compliance and Issuer Regulation, by 10:00 on the 5th (fifth) Business Day following the Authorised User's or the Authorised User Representative's receipt of the decision or action for which a review is sought and such notice sets out:
 - 10.1.1.1 the name of Authorised User or Authorised User Representative seeking the review;
 - 10.1.1.2 the decision or action in respect of which the review is being sought and where it relates to a notice under these Rules a copy of such notice shall be attached;
 - 10.1.1.3 all material facts; and
 - 10.1.1.4 all relevant documents including any on which the Authorised User or Authorised User Representative seeks to rely.
 - 10.1.2 Until the Compliance Committee repeals a notice issued pursuant to these Rules, it shall remain in effect.
- 10.2 The Compliance Committee may determine that the Chief Executive Officer, Senior Manager, Authorised User or Authorised User Representative must make written submissions on the review, rather than attend the review in person, or who may be invited to attend the review, which may include Employees, or witnesses, observers or experts.
- 10.3 The Exchange may charge a fee to hear a review as set out in the Procedures and the Compliance Committee has the discretion as to whether refund all or part of such fee to the Authorised User or Authorised User Representative.

- 10.4 A Person must not sit as a member of the Compliance Committee considering a review if the Chairperson of the Compliance Committee determines that the member has a conflict of interest which precludes their participation. The Chief Executive Officer or Senior Manager whose actions are being reviewed or who is the subject of a complaint in terms of Rule 8 shall not sit as a member of the Compliance Committee.
- 10.5 The Chairperson of the Compliance Committee will give reasonable notice to the relevant Authorised User or Authorised User Representative and the Chief Executive Officer or Senior Manager, to which the review relates, of the nominated date, time and place of review, which shall be at least 10 (ten) Business Days after the review notice under Rule 10.1.1 has been received by the Exchange. Provided, however, that the Chairperson may amend the review date for which notice has previously been given, and appoint a substitute appeal date. The Chairperson will provide reasonable notice of the new date to the Authorised User or Authorised User Representative and may adjourn and reconvene proceedings as the Chairperson sees fit.
- 10.6 The Compliance Committee may decide to confirm, vary, repeal or replace the decision of the Chief Executive Officer or Senior Manager and shall inform the Chief Executive Officer or Senior Manager and the Authorised User or Authorised User Representative of its decision and the reasons for it within 10 (ten) Business Days.
- 10.7 The Compliance Committee has the power, subject to applicable laws, to direct what details of its decision in terms of Rule 10.6 are made available to Authorised Users or the public generally.

11 APPEAL PROCESS

- 11.1 An Authorised User or, where it relates to an Authorised User Representative (but not to the termination of an Authorised User Representative in terms of Rule 14.13, which only an Authorised User may appeal against), an Authorised User Representative may give notice of an appeal to the Issuer Regulation Committee of any finding or ruling of the Compliance Committee within 10 (ten) Business Days of the ruling or finding, where such notice shall set out:
- 11.1.1 the name of Authorised User or Authorised User Representative lodging the appeal;
 - 11.1.2 the grounds for the appeal under Rule 11.1.4;
 - 11.1.3 all material facts; and
 - 11.1.4 all relevant documents, including any on which the Authorised User or Authorised User Representative seeks to rely.
- 11.2 An Authorised User or, where it relates to an Authorised User Representative, an Authorised User Representative may appeal against any decision of the Compliance Committee where:
- 11.2.1 it is alleged that the Compliance Committee did not adhere to the Rules. Such appeals will need to specify which Rules were not complied with and give enough information to support such an allegation;
 - 11.2.2 it is alleged that the Compliance Committee Chairperson was conflicted, intoxicated or for some other reason did not act impartially in reaching the Compliance Committee's decision that is being appealed against;
 - 11.2.3 the Compliance Committee in its notice of its decision, allowed the Authorised User or the Authorised User Representative leave to appeal to the Issuer Regulation Committee against the Compliance Committee decision;

- 11.2.4 the Issuer Regulation Committee has been asked for permission to appeal by the Authorised User with a justification and the Issuer Regulation Committee has allowed the Authorised User or the Authorised User Representative leave to appeal to the Issuer Regulation Committee against the Compliance Committee decision.
- 11.3 The Issuer Regulation Committee may determine that the Authorised User or Authorised User Representative must make written submissions on the appeal, rather than attend the appeal in person, or who may be invited to attend the appeal, including Employees, witnesses, observers or experts.
- 11.4 The Exchange may charge a fee to hear an appeal as set out in the Procedures and the Issuer Regulation Committee has the discretion as to whether to refund all or part of such fee to the Authorised User or Authorised User Representative.
- 11.5 The Chairperson of the Issuer Regulation Committee will give reasonable notice to the relevant Authorised User or Authorised User Representative of the nominated date, time and place of appeal, which shall be at least 5 (five) Business Days after the appeal notice under Rule 11.1 has been received by the Exchange. Provided, however, that the Chairperson may amend the appeal date for which notice has previously been given, and allocate a substitute appeal date. The Chairperson of the Issuer Regulation Committee will provide reasonable notice of the new appeal date to the Authorised User or Authorised User Representative and may adjourn and reconvene proceedings as he sees fit.
- 11.6 The Issuer Regulation Committee may decide to confirm, vary, repeal and replace the decision of the Compliance Committee and shall inform the Compliance Committee and the Authorised User or Authorised User Representative of its decision and the reasons for it within 5 (Five) Business Days, which shall be final and binding on the Exchange, Authorised User and Authorised User Representative, as applicable.
- 11.7 The Issuer Regulation Committee has the power, subject to applicable laws, to direct what details of its decision in terms of Rule 11.6 are made available to Authorised Users or the public generally.

12 AUTHORISED USERS – GENERALLY

- 12.1 Nothing in these Rules shall prohibit an Authorised User from participating in another exchange provided however that this is disclosed to the Exchange and such other exchange:
- 12.1.1 is licensed by the FSB in terms of the FMA, if operating in South Africa;
or
 - 12.1.2 is licensed and regulated by a regulatory body with similar powers to the FSB in terms of a comparable law to the FMA in another jurisdiction, if operating outside of South Africa.

13 AUTHORISED USERS – ADMISSION

- 13.1 Steps for admission as an Authorised User

To be admitted as an Authorised User of the Exchange, an Applicant must:

- 13.1.1 submit to the Compliance Committee an accurately completed and signed Application Form, together with certified copies of the ancillary documents required to be submitted with the Application Form;
- 13.1.2 pay the applicable fees specified in the Procedures;
- 13.1.3 upon request, provide the Compliance Committee with any other additional information requested by it in connection with the Application Form; and
- 13.1.4 satisfy the eligibility requirements specified in Rule 13.2.

13.2 Eligibility criteria of Authorised Users

No Application Form will be considered unless in compliance with this Rule 13.2.

- 13.2.1 No Person may be admitted as an Authorised User or allowed to continue such Person's business as an Authorised User, unless the Person:
 - 13.2.1.1 is of good character and high business integrity or, in the case of a corporate body, is Controlled and managed by Persons of good character and high business integrity;
 - 13.2.1.2 complies, or, in the case of a corporate body, is managed by Persons or employs Persons who comply, with the standards of training, experience and other qualifications required by the Exchange Directives; and
 - 13.2.1.3 designate a Authorised User Primary Representative who must comply with the criteria of Rule 14.5.
- 13.2.2 The Applicant must be the account holder of an account at a South African Bank under the Banks Act, which account will be the Authorised User's Operations Account;
- 13.2.3 The Applicant must satisfy the Exchange that each Director, each Authorised User Representative and any other Employee who will be involved in the Applicant's participation in the Exchange is a fit and proper person, is of good character, high business integrity and complies with the applicable training, experience and qualifications requirements, as prescribed by the FMA and the Exchange in the Exchange Directives;
- 13.2.4 The Applicant must satisfy the Exchange that it has or will be in a position to maintain the necessary organisational competencies, technical resources and security arrangements to ensure compliance with the Rules, including:
 - 13.2.4.1 internal systems to record all trading activities conducted by the Authorised User in connection with the Exchange;
 - 13.2.4.2 internal systems to supervise all trading activities conducted by the Authorised User in connection with the Exchange;
 - 13.2.4.3 internal systems to control access to data, to protect the integrity and confidentiality of data;
 - 13.2.4.4 internal systems and controls to protect against loss of data;
 - 13.2.4.5 internal processes to immediately report to the Exchange a suspected or actual breach of the Rules; and

13.2.4.6 organisational capabilities to monitor the conduct of its Authorised User Representatives and other Employees and any communications with other Authorised Users, Clients and the Exchange.

13.2.5 The Applicant must at all times have 1 (one) or more Persons, identified to the Exchange, who are competent to advise the Authorised User on the application of these Rules and the Exchange Directives. Such an advisor may be an Employee of the Authorised User or an external advisor.

13.2.6 The Applicant must satisfy the Capital Adequacy Requirements. An Authorised User must at all times have own funds equal to the greater of –

13.2.6.1 share capital and reserves calculated in terms of IFRS of R1,000,000 (one million Rand), to be adjusted in the Procedures annually to reflect the Consumer Price Index, as published by Statistics South Africa; or

13.2.6.2 3 (three) months of working capital.

13.3 Application Assessment

13.3.1 The Compliance Committee will review and assess each Application Form and the eligibility of each Applicant.

13.3.2 In the event that the Compliance Committee refuses an Application Form, the Compliance Committee will notify the Applicant of this refusal and give reasons for such refusal.

13.4 In the event that an Application Form is approved, the Head of Legal, Compliance and Issuer Regulation Division (on behalf of the Compliance Committee) will notify the Applicant of this approval and within such notice, specify any conditions imposed on the admission (or continued admission) of the Applicant which the Compliance Committee considers appropriate.

13.5 Commencement of participation

13.5.1 The Applicant will be admitted as an Authorised User and commence participation on the Exchange when the Head of Legal, Compliance and Issuer Regulation Division notifies the Applicant of confirmation of:

13.5.1.1 receipt by the Exchange of payment of the applicable fees referred to in Rule 13.1.2; and

13.5.1.2 compliance by the Applicant with any conditions imposed on the admission of the Applicant.

13.5.2 Following admission as an Authorised User, the Head of Legal, Compliance and Issuer Regulation Division will:

13.5.2.1 provide the Authorised User with details of the 4AX Escrow Account and the Authorised User Identification Number;

13.5.2.2 provide each Authorised User Representative with an activated Access Code;

13.5.2.3 notify all other Authorised Users of the admission of the new Authorised User; and

13.5.2.4 announce the admission of the new Authorised User on the 4AX News Service.

14 AUTHORISED USERS REPRESENTATIVES

- 14.1 An Authorised User must at all times have an Authorised User Primary Representative. The Authorised User Primary Representative will be the primary point of contact between the Exchange and the Applicant or Authorised User for all matters relating to the Authorised User's involvement on the Exchange, including those relating to compliance with these Rules.
- 14.2 An Authorised User may apply to the Exchange to have permanent full-time Employees approved as Authorised User Additional Representatives.
- 14.3 Authorised User Representatives may only represent one Authorised User at a time.
- 14.4 Where an Authorised User Primary Representative is unable to perform his/her duties to the Exchange and the Authorised User in terms of these Rules for an extended period of time, the Exchange may temporarily nominate one of the Authorised User Additional Representatives to serve as the Authorised User Primary Representative until the earlier of:
- 14.4.1 the Authorised User nominates and the Compliance Committee approves another qualified Person to be its Authorised User Primary Representative; or
 - 14.4.2 the expiry of 30 (thirty) Business Days from the date of the Authorised User Primary Representative becoming so incapacitated.
- 14.5 The Legal, Compliance and Issuer Regulation Division will review and assess each Application Form for an Authorised User Additional Representative and determine whether the Authorised User has satisfied the Exchange that the nominated Authorised User Additional Representative is:
- 14.5.1 a natural Person;
 - 14.5.2 a South African resident of at least 21 (twenty one) years of age;
 - 14.5.3 where the Authorised User is registered as a FSP, the Authorised User must at all times be able to prove to the satisfaction of the Compliance Committee that each Authorised User Representative is registered as a key individual (as defined in terms of FAIS) or representative of the FSP and is permitted to deal on the Exchange as required by FAIS;
 - 14.5.4 a fit and proper Person and is of good character and high business integrity as set out in the Exchange Directives;
 - 14.5.5 complies with the standards of training, experience and other qualifications required by the Exchange Directives; and
 - 14.5.6 complies with these Rules.
- 14.6 The Employee will be approved as an Authorised User Additional Representative when the Head of Legal, Compliance and Issuer Regulation Division notifies the Authorised User Primary Representative of confirmation of:
- 14.6.1 receipt by the Exchange of payment of the applicable fee specified in the Procedures; and
 - 14.6.2 compliance by the nominated Employee with any conditions imposed by the Exchange.
- 14.7 Following an approval of an Employee as an Authorised User Additional Representative, the Head of Legal, Compliance and Issuer Regulation Division will provide the new Authorised User Additional Representative with an activated Access Code.

- 14.8 The Compliance Committee may review one or more Application Forms for an Authorised User Additional Representative concurrently with an Applicant's Application Form to become an Authorised User made under Rule 13.3, if requested to do so by the Head of Legal, Compliance and Issuer Regulation Division.
- 14.9 An Authorised User is responsible for the acts and omissions of the Authorised User Primary Representative, each Authorised User Additional Representative (if any) and any other Employee in relation to its conduct as an Authorised User.
- 14.10 Authorised User Representatives may have their status terminated in one of the following ways:
- 14.10.1 removal by the Authorised User of the Authorised User Representative which shall take immediate effect, provided however that the Authorised User shall have at least an Authorised User Primary Representative remaining;
 - 14.10.2 immediate temporary termination as an Authorised User Representative, in terms of Rule 14.11.3;
 - 14.10.3 conditional temporary termination as an Authorised User Representative, in terms of Rule 14.12;
 - 14.10.4 permanent termination as an Authorised User Representative, in terms of Rule 14.13; or
 - 14.10.5 death or resignation of an Authorised User Representative, which shall take immediate effect, provided however that should the Authorised User be left without any Authorised User Representative, then the Authorised User's status will be automatically terminated in accordance with Rule 20.3.4.
- 14.11 Termination through breach
- 14.11.1 If an Authorised User Representative breaches any of these Rules, the Exchange may, in accordance with these Rules, terminate the Authorised User Representative's participation on the Exchange by providing written notice to the Authorised User.
 - 14.11.2 The Exchange may provisionally or finally terminate an Authorised User Representative's participation on the Exchange if Insolvency Proceedings are initiated against that Authorised User or the Authorised User Representative.
 - 14.11.3 Immediate temporary termination of Authorised User Representatives:
 - 14.11.3.1 An immediate temporary termination of an Authorised User Representative status may be issued by the Chief Executive Officer (on recommendation of the Head of Legal, Compliance and Issuer Regulation Division) by written notice to the Authorised User Representative; and
 - 14.11.3.2 An immediate temporary termination of an Authorised User Representative may be issued by the Chief Executive Officer when:
 - 14.11.3.2.1 the breach is considered in the Chief Executive Officer's sole and absolute opinion to be so serious or significant, or where he or she believes the continued Authorised User Representative status is likely to be detrimental or to have a materially adverse effect on:

- 14.11.3.2.1.1 the capacity of the Authorised User to meet its obligations towards the Exchange or to one or more other Authorised Users;
- 14.11.3.2.1.2 furthering the objectives of the FMA;
- 14.11.3.2.1.3 the financial position of the Exchange;
- 14.11.3.2.1.4 the reputation and good standing of the Exchange; or
- 14.11.3.2.1.5 the Exchange;
- 14.11.3.2.2 the FSB has suspended its recognition of the Authorised User Representative's in terms of FMA, FAIS or any other act, whether temporarily or permanently;
- 14.11.3.2.3 where another Exchange has suspended the Authorised User Representative from participating in such Exchange, whether temporarily or permanently; or
- 14.11.3.2.4 where the Authorised User Representative has been placed under sequestration (provisional or final).
- 14.11.3.3 Such temporary termination will be for a maximum period of 10 (ten) Business Days, unless extended by the Compliance Committee in its sole and absolute discretion.

14.12 Conditional temporary terminations of an Authorised User Representative:

- 14.12.1 In addition to any penalty it may impose under Rule 9, the Compliance Committee may, after following the process outlined in Rule 7.2 in its sole and absolute discretion, conditionally terminate an Authorised User Representative:
 - 14.12.1.1 when the breach is considered in the Compliance Committee's sole and absolute opinion to be so serious or significant, or where it believes the continued Authorised User Representative status is likely to be detrimental to the Exchange or to the furtherance of the objectives of the FMA; or
 - 14.12.1.2 on such conditions as the Compliance Committee considers fair and appropriate in the circumstances, which might include a time-related condition or restrictions on the Authorised User Representative's activities.
- 14.12.2 Where the Compliance Committee has decided to conditionally terminate the Authorised User Representative's status, the Authorised User or the Authorised User Representative shall be allowed to appeal against such decision in terms of Rule 11.

14.13 Permanent terminations of an Authorised User Representative:

- 14.13.1 In addition to any penalty it may impose under Rule 9, the Compliance Committee may, after following the process outlined in Rule 7.2, in its sole and absolute discretion, permanently terminate an Authorised User Representative's status.
- 14.13.2 Where the Compliance Committee has decided to permanently terminate an Authorised User Representative's status:

- 14.13.2.1 the Authorised User responsible for such Authorised User Representative shall be allowed to appeal against such decision in terms of Rule 11; and
- 14.13.2.2 where the Authorised User has not successfully appealed the Authorised User Representative's termination, it shall not be allowed to re-register such Authorised User Representative.

15 AUTHORISED USERS – STOCKBROKERS

- 15.1 The Exchange may authorise one or more Persons to provide any of the Securities Services commonly offered by brokers, including any buying or selling of Securities, using the Exchange or the Exchange Technology, furnishing Advice, or the management of Securities.
- 15.2 In addition to meeting the general admission criteria in Rule 13.2, where an Applicant intends to offer the Securities Services under Rule 15.1, it must meet the following specific requirements:
 - 15.2.1 be able to prove to the satisfaction of the Compliance Committee in its sole discretion that it is either:
 - 15.2.1.1 registered as a FSP; or
 - 15.2.1.2 not required by the FSB to be registered as a FSP, by providing a legal opinion of an independent legal advisor qualified in South Africa or the country or jurisdiction where the Applicant is domiciled, outlining why, in his or her professional opinion, the Applicant is not required to be so regulated with its activities as an Authorised User;
 - 15.2.2 satisfy the Exchange that the Applicant has the requisite technical and system requirements experience to participate in the Exchange and offer the Securities Services under Rule 15.1.
- 15.3 The Compliance Committee may elect to limit dealing in Securities with Restrictions to a single Authorised User offering Securities Services of this Rule, or to place conditions on Authorised Users dealing with such Securities where the Compliance Committee believes this to be in the interest of:
 - 15.3.1 the Exchange;
 - 15.3.2 the Issuer concerned; and/or
 - 15.3.3 Clients.

16 AUTHORISED USERS – CONTINUING OBLIGATIONS

- 16.1 An Authorised User and its Employees must at all times fully comply with the Rules, the Procedures and any Exchange Directives, technical specifications, directions, decisions, requirements and conditions issued by the Exchange.
- 16.2 An Authorised User and its Employees must at all times act in an efficient, honest, transparent and fair manner in respect of its dealings on the Exchange.
- 16.3 Without limiting Rule 16.1 and 16.2, an Authorised User must at all times:
 - 16.3.1 continue to satisfy all requirements for admission as an Authorised User under Rule 13.2;
 - 16.3.2 comply with the standards of conduct outlined in Rule 17 both in letter and spirit;
 - 16.3.3 comply with the FMA, Anti-Money Laundering Laws and all other applicable laws and legislation; and

- 16.3.4 comply with any conditions imposed on the Authorised User in terms of Rule 3.6 or Rule 20.4.
- 16.4 An Authorised User must obtain the prior permission of the Exchange to implement and/or make any of the following changes:
 - 16.4.1 a change in Control of the Authorised User; and/or
 - 16.4.2 any appointment to the controlling body of the Authorised User.
- 16.5 An Authorised User must report to the Exchange in terms of this Rule:
 - 16.5.1 an Authorised User must immediately notify the Exchange of any material and relevant changes:
 - 16.5.1.1 to the information provided in and with the Application Form;
 - 16.5.1.2 to an Employee, or the authority of an Employee, performing the role of an Authorised User Representative; and/or
 - 16.5.1.3 that may affect the Authorised User's ability to comply with these Rules.
 - 16.5.2 An Authorised User must immediately notify the Exchange when the Authorised User is impacted and/or affected by any of the following actions and/or events:
 - 16.5.2.1 a corporate action, Insolvency Proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness, winding-up, the bankruptcy, sequestration, dissolution, business rescue, administration or reorganisation;
 - 16.5.2.2 any event occurs that may result in a material adverse change to the financial and trading position of the Authorised User;
 - 16.5.2.3 any internal disciplinary proceedings that it has commenced against any Authorised User Representative;
 - 16.5.2.4 if for any reason an Access Code is lost, misused, or otherwise compromised;
 - 16.5.2.5 any legal, regulatory or disciplinary action (including such similar action taken by the Institute of Stock Brokers, if applicable) is taken, that could reasonably be expected to impact on the Authorised User's ability to comply with its obligations as an Authorised User (whether under these Rules or otherwise);
 - 16.5.2.6 an Authorised User's foreign activities or activities on another exchange may have a material adverse impact on its ability to meet its obligations under these Rules; or
 - 16.5.2.7 it becomes aware that it, a Client or an Employee has breached or is attempting to breach any of the Rules, the Companies Act, the FMA, FAIS, FICA or any other law or legislation relating to the Exchange or Securities.
 - 16.5.3 An Authorised User must within 10 (ten) Business Days of the end of each calendar month provide the Exchange with the following information, which information must be signed-off by its Authorised User Primary Representative:
 - 16.5.3.1 a set of management accounts prepared on a sound commercial basis for the month ended and the year to date showing an income statement, balance sheet and cash flow statement;

- 16.5.3.2 an analysis of market activity by day confirming Transactions on the Exchange;
- 16.5.3.3 an aged debtors analysis of any amounts outstanding from Clients, Authorised Users or the Exchange;
- 16.5.3.4 an analysis of any Securities held for its own account; and
- 16.5.3.5 an analysis and reconciliation of Securities held on behalf of Clients with a Participant.

16.5.4 An Authorised User, save for a Bank must within 3 (three) months of the end of its financial year, furnish the Exchange with a set of annual financial statements of the Authorised User prepared in terms of and in accordance with:

16.5.4.1 the Companies Act, where the Authorised User is a South African incorporated entity; and

16.5.4.2 IFRS,

which annual financial statements must be in English and audited by an independent auditor.

16.5.5 An Authorised User which is a Bank must within 6 (six) months of the end of its financial year, furnish the Exchange with a set of annual financial statements of the Authorised User prepared in terms of:

16.5.5.1 the Companies Act, where the Authorised User is a South African incorporated entity; and

16.5.5.2 IFRS,

which annual financial statements must be in English and audited by an independent auditor.

16.6 An Authorised User must, in relation to its activities as an Authorised User, comply with:

16.6.1 the Companies Act;

16.6.2 the Anti-Money Laundering Laws;

16.6.3 the FMA; and

16.6.4 any other laws or legislation applicable to it as an Authorised User (including but not limited to POPI).

16.7 Record Keeping

16.7.1 An Authorised User must ensure that records of all telephonic conversations concerning the Exchange, its Clients, other Authorised Users, Authorised User Representatives, Issuers and Securities are electronically recorded and copies or transcripts as required by the Exchange are kept for a period of not less than 5 (five) years, or such longer period as directed by the Exchange, from time to time.

16.7.2 An Authorised User must maintain an internal register of all Transactions executed by an Authorised User, which shall include at least details of:

16.7.2.1 the date and time of the Transaction;

- 16.7.2.2 the name of the Issuer;
 - 16.7.2.3 which Authorised User Representative has been involved in the Transaction;
 - 16.7.2.4 the Authorised User's involvement in the Transaction, whether on the buying, selling or settling part of the Transaction;
 - 16.7.2.5 the name, type and quantity of Securities being the subject of the Transaction;
 - 16.7.2.6 amendments to and cancellation of Orders; and
 - 16.7.2.7 the Transaction price, VAT, fees and any other additions or deductions.
- 16.8 An Authorised User must ensure that:
- 16.8.1 its information is provided in accordance with Rule 18;
 - 16.8.2 the Authorised User Primary Representative and each Authorised User Additional Representative (if any) is sufficiently trained and has adequate experience, knowledge and competency;
 - 16.8.3 its Exchange-related activities are conducted only with the Exchange, other Authorised Users and/or the FSB. This shall not prohibit to other commercial activities with Employees, Clients, banks, auditors and advisors; and
 - 16.8.4 where the Authorised User believes or reasonably suspects that the Person it is entering into a Transaction, which requires prior regulatory approvals to do so, he should undertake reasonable measures to ascertain whether such Person has obtained the required approvals. Without limiting this Rule, the Authorised User shall not deal with anyone acting or appearing to act as a Nominee without ascertaining whether approval has been granted in terms of section 76 of the FMA.
- 16.9 An Authorised User shall at all times maintain an Authorised User Operations Account and which should, amongst other things, allow for the transfer of funds to 4AX Operations Account in terms of Rule 16.11.
- 16.10 An Authorised User must not lose or misuse an Access Code and must ensure that each Access Code is only used by the specific individual to whom it has been allocated to. The Authorised User will:
- 16.10.1 be liable to pay the Exchange a fee for each new Access Code and any replacement or cancellation of any Access Code; and
 - 16.10.2 be liable for any loss or damages suffered by the Exchange and any other Authorised User for a breach of this Rule.
- 16.11 An Authorised User must pay to the Exchange all applicable subscriptions, charges, fees and any other costs specified in the Procedures and due in accordance with these Rules or pursuant to any agreement signed with the Exchange. Any such subscription, charge, fee or other cost specified in the Procedures may be:
- 16.11.1 amended by the Exchange in accordance with the Procedures; and
 - 16.11.2 debited by the Exchange against the Authorised User's Operations Account and if any of these payments fail to occur for any reason associated with the Authorised User's Operations Account, the outstanding amount will be subject to interest from the date of the failed payment at the rate specified in the Procedures and the Exchange may take other steps specified in the Procedures.

- 16.12 The Exchange exclusively holds all Intellectual Property Rights to use the Exchange Technology and Authorised Users must not infringe the Intellectual Property Rights of the Exchange or any third party in relation to the use of the Exchange Technology or participation in the Exchange. Other than with the Exchange's express written permission, reproduction of part or all of the contents in any form of the Exchange Technology is prohibited and may not be copied or shared with a third party. Any permission granted by the Exchange to an Authorised User Representative to copy part or all of the contents in any form of the Exchange Technology does not permit incorporation of the material or any part of it in any work, presentation or publication, whether in electronic, hard copy, or any other form. Each Authorised User will indemnify the Exchange, on demand, for any loss or damage the Exchange may suffer as a result of an actual or alleged infringement of the Exchange's Intellectual Property Rights arising out of the Authorised User's use of the Exchange Technology in a manner prohibited by the Rules.
- 16.13 An Authorised User performing the functions under Rule 15 must continue to satisfy all the requirements for admission as an Authorised User under Rule 15.2.
- 16.14 An Authorised User must maintain systems and procedures to identify which of its Clients are Directors or Persons that may be considered "*Insiders*" (as contemplated in terms of the FMA) to an Issuer and to notify the Exchange of all Orders and Transactions in such Issuer's Securities in which they may have a beneficial interest.
- 16.15 An Authorised User performing the function under Rule 15 shall open accounts for each Client before they can trade on the Exchange in its own records and in those of the Registry, which accounts shall:
- 16.15.1 comply with the FMA, FAIS, Anti-Money Laundering Laws and all other applicable laws and legislation and submit the relevant supporting documentation in relation hereto to the Registry;
 - 16.15.2 be to the satisfaction of the Registry and its account take-on procedures;
 - 16.15.3 include sufficient documentation and information to objectively determine the Client's qualification or non-qualification of a Restriction;
 - 16.15.4 identify all Issuer Directors' interests in Securities of the Issuer they are involved in; and
 - 16.15.5 be verified and updated in a commercially reasonable manner to ensure that the Rules can be complied with.
- 16.16 An Authorised User performing the function under Rule 15, shall in dealing with each Client:
- 16.16.1 comply with the FMA, FAIS, Anti-Money Laundering Laws and all other applicable laws and legislation and provide the Registry with the relevant supporting documentation in relation hereto, initially and as and when the documentation is updated; without limiting this, the Authorised User shall:
 - 16.16.1.1 act in terms of a written mandate from the Client;

- 16.16.1.2 segregate Client cash and Client Securities from his own; and
- 16.16.1.3 inform the Client of his interest in any Transaction.
 - 16.16.2 identify all Issuer Directors' interests in Securities of the Issuer they are involved in; and
 - 16.16.3 ensure the Client is able to legitimately trade in the Security.
- 16.17 An Authorised User shall be responsible for analysing Issuers, their operations, results, performance and prospects and producing and disseminating research reports as follows, in addition to complying with the requirements of Rule 17.2.5:
 - 16.17.1 the Authorised User shall by the end of each calendar year, have produced in such year research reports on Issuers that shall represent at least the smaller of:
 - 16.17.1.1 10% (ten percent) of the number of Issuers on the Exchange; or
 - 16.17.1.2 3 (three) Issuers.
 - 16.17.2 The Authorised User shall provide a copy to the Exchange of each research report it produces of any Issuer or Security listed on the Exchange within 5 (five) Business Days of having disseminated to any third party.
 - 16.17.3 Where the research report contains an expression of an opinion which constitutes Advice, the research report must comply with FAIS and clearly state that the Authorised User is an approved FSP. The Authorised User may express any opinion that it feels is appropriate in the circumstances.
 - 16.17.4 the research report should be prepared in accordance with generally accepted market practice, which shall be:
 - 16.17.4.1 in accordance to the professional standards adopted by the Institute of Chartered Financial Analysts;
 - 16.17.4.2 in accordance with any Directive or Procedure as to the minimum content thereof; and
 - 16.17.4.3 of a comparable standard to any other research reports produced by the Authorised User, whether in respect of a Security or a Security listed on any other exchange.
 - 16.17.5 An Authorised User may request the Exchange to disseminate any research report made available to the Exchange in terms of this rule, which shall:
 - 16.17.5.1 be done at no cost to the Authorised User through the Registry to any of clients entitled to or requesting such or similar information, in the manner the Registry ordinarily would;
 - 16.17.5.2 be branded in the Authorised User's name in the manner the Authorised User typically uses in corresponding with its clients;
 - 16.17.5.3 include a disclaimer indemnifying the Exchange, the Registry and their Associates for such research report and any opinions expressed therein;
 - 16.17.5.4 entitle the Authorised User to a discount on its annual fees as may be stipulated in the Procedures from time to time.
- 16.18 In addition to the Bank account required in terms of Rule 16.9, an Authorised User shall at all times maintain an Authorised User Cash Account, which shall be maintained as part of the 4AX Escrow Account.

17 AUTHORISED USERS – CODE OF CONDUCT

17.1 All Authorised Users must deal with their Clients:

- 17.1.1 in a fair and professional manner;
- 17.1.2 in compliance with the FMA, FAIS, Anti-Money Laundering Laws, POPI, and all applicable laws;
- 17.1.3 with full disclosure of all fees paid and with any conflict that may exist between the Client and the Authorised User or Authorised User Representative; and
- 17.1.4 where the Authorised User is offering the Client “*Advice*” (as contemplated in terms of FAIS and the FMA) in relation to a Security, then the Authorised User shall only do so if:
 - 17.1.4.1 the Authorised User has performed an assessment of the Client’s needs to determine the appropriateness of the Advice;
 - 17.1.4.2 the Authorised User has disclosed to the Client its interest in the Security that is being recommended to the Client;
 - 17.1.4.3 the Authorised User is approved to give such Advice as a FSP or does not require to be registered as a FSP; and
 - 17.1.4.4 the Advice is in accordance with applicable laws.

17.2 Advertising and canvassing for business

- 17.2.1 An Authorised User may advertise its services to the public, provided such advertising –
 - 17.2.1.1 is carried out with a due sense of responsibility to the profession and to the public;
 - 17.2.1.2 is in good taste, both as to content and presentation and does not compare or belittle Securities listed on the Exchange or services or products offered by others, whether Authorised Users or not, either by claiming superiority for the services or performance of a particular Authorised User or otherwise; and
 - 17.2.1.3 conforms with the accepted norms of legality, decency, honesty and truthfulness and does not contain testimonials or endorsements.
- 17.2.2 Advertising material of an Authorised User:
 - 17.2.2.1 must provide accurate, complete and unambiguous information about Securities or Securities listed on another exchange, or any Securities Services rendered by the Authorised User;
 - 17.2.2.2 must emphasise, where applicable, the risk of loss and uncertainty of future results;
 - 17.2.2.3 must discern fact from opinion and, where such opinion constitutes “*Advice*” (as contemplated in terms of FAIS and the FMA), to ensure compliance with applicable laws; and
 - 17.2.2.4 may not be comparative in relation to another Authorised User, whether of the Exchange or another.
- 17.2.3 An advertisement by an Authorised User:

- 17.2.3.1 may not contain any statement, promise or forecast which is fraudulent, untrue or misleading;
- 17.2.3.2 must, if it contains performance data (including awards and rankings), include references to their source and date;
- 17.2.3.3 must, if it contains illustrations, forecasts or hypothetical data:
 - 17.2.3.3.1 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;
 - 17.2.3.3.2 make it clear that they are not guaranteed and are provided for illustrative purposes only;
 - 17.2.3.3.3 also contain, where returns or benefits are dependent on the performance of underlying assets or other variable market factors, clear indications of such dependence;
 - 17.2.3.3.4 must, if it contains a warning statement about the risks involved in buying or selling a Security, prominently display such statement;
 - 17.2.3.3.5 must, if it contains information about past performances, also contain a warning that past performances are not necessarily indicative of future performances; and
 - 17.2.3.3.6 must, if the investment value of a Security is mentioned in the advertisement, contain a warning that no guarantees are provided.
- 17.2.4 Use of name and logo
 - 17.2.4.1 An Authorised User 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 the Exchange and shall record the fact that it is an “*Authorised User of 4AX*”.
 - 17.2.4.2 An Authorised User whose participation in the Exchange has been terminated finally in terms of Rule 20.5, may no longer (with effect from the date of termination) use in publicity, promotional or advertising material, or on its professional stationery, or on its name plates, or on its office premises, any designation that in any way holds out that participation, involvement or any continued association in or with the Exchange.
- 17.2.5 Market recommendation – Disclosure
 - 17.2.5.1 No Authorised User shall publish or circulate any written comment which relates to the trading results of Securities or which may influence the price of any such Security unless such comment is accompanied by the name of the Person or Persons who compiled it.
 - 17.2.5.2 Where a newsletter, circular or other publication carries an expression of opinion on a Security listed on the Exchange and the Authorised User has an interest (other than a casual or arbitrage interest) in that Security, the existence of such an interest without specifying names and amounts shall be disclosed in such newsletter, circular or other publication.

17.2.6 Unsolicited communications

An Authorised User 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:

- 17.2.6.1 the Authorised User has considered whether such investments are appropriate for the Client, in relation to the Client's financial position, investment experience and investment objectives; and
- 17.2.6.2 any representations made, and information provided, by the Authorised User to the Client:
 - 17.2.6.2.1 are factually correct;
 - 17.2.6.2.2 are in plain language, avoid uncertainty or confusion and are not misleading;
 - 17.2.6.2.3 are 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; and
 - 17.2.6.2.4 accurately disclose the fees and charges applicable to that investment, to which the Client may be subject.

17.3 Segregation of Securities and Client cash

17.3.1 Every Authorised User must ensure that those Securities and cash it holds for its own account, are kept separate from those Securities and cash it holds on behalf of its Clients. In furtherance of this duty, Authorised Users must:

- 17.3.1.1 deposit Securities and or cash held for its own account and for or on behalf of its Clients in separate accounts, maintained by the CSDP to hold or otherwise safeguard such Securities and cash on behalf of the Authorised User;
- 17.3.1.2 ensure that Securities and cash held for or on behalf of its Clients are identifiable as belonging to specific Persons;
- 17.3.1.3 balance and reconcile the aggregate number of each Security reflected in Security accounts maintained by the Authorised User and cash held in the 4AX Escrow Account, on behalf of the Authorised User and its Clients, with the number of Securities and cash held by the Registry, on a daily basis; and
- 17.3.1.4 rectify reconciliation differences within 3 (three) Business Days or such Settlement Period determined by 4AX.

17.3.2 Any Securities held by an Authorised User for or on behalf of another Person must be identifiable as belonging to a specific Person and are considered to be "*trust property*" as defined in the Financial Institutions (Protection of Funds) Act, 28 of 2001, and that the provisions of that Act applies to those Securities.

17.4 Authorised Users must disclose to their Clients the fees for their services, including specific monetary amounts for each service rendered, as well as any taxes relating to the service or the trading of the Security; or if such amount is not pre-determinable, the basis of the calculation. Authorised Users may be remunerated in different ways and on different basis for different categories of Transactions.

- 17.5 An Authorised User may hold a beneficial interest in a Security, but no Authorised User shall hold a beneficial interest in a Security of an Issuer without:
- 17.5.1 declaring this beneficial interest to his Client or any other Authorised User potentially involved in trading of his interest, where the Authorised User intends to trade such Security on the Exchange; and
 - 17.5.2 declaring this beneficial interest in any circular or report that relates to such Security or such Issuer.
- 17.6 No Authorised User may use some intermediary for the purpose of evading the Rules or adopt any other procedure for a like purpose.
- 17.7 No Authorised User, Authorised User Representative or Employee shall use or knowingly participate in the use of any manipulative or deceptive method of trading in connection with the purchase or sale of any Security which creates or may create a false or misleading appearance of trading activity or an artificial price for the Security, including, but not limited to the “Prohibited Trading Practices” in Chapter X of the FMA. Any one such Person contravening this Rule shall be liable to suspension in accordance with these Rules.
- 17.8 An Authorised User and Authorised User Representatives shall inform the Exchange of any prohibited activities listed in Chapter X of the FMA as soon as they become aware of such activities and shall without delay share with the Exchange all the relevant information that they are in possession of relating to such activities.

18 AUTHORISED USERS – INFORMATION

- 18.1 The Exchange may require an Authorised User or Authorised User Representative to provide any information, document or record relating to the Authorised User's or Authorised User Representative's activities in connection with the Exchange or the performance by the Authorised User or by the Authorised User Representative of its obligations under these Rules.
- 18.2 The Exchange may require that information, documents or records are provided in English and in the event of any inconsistency with any information, document or record in any other language, may require that the English version shall prevail and take precedence over such other language.
- 18.3 The Exchange may also require the immediate production of documents, relevant to trading by the Authorised User or the Authorised User Representative, that are in the Authorised User's or the Authorised User Representative's possession, custody, power or control.
- 18.4 The Exchange may require the immediate provision by an Authorised User or Authorised User Representative of accurate information about its Transactions in a format, electronic or otherwise, as specified by the Exchange.
- 18.5 An Authorised User must ensure that the information it submits or otherwise provides to the Exchange or the Registry is not false or misleading and sufficient to enable the Exchange and Registry to effectively operate.
- 18.6 The Exchange may require an Authorised User to permit the Exchange's Employees or agents to access its premises to inspect any records or information required by the Exchange as part of any investigation.
- 18.7 The Exchange may require an Authorised User or its Employee to appear before a Person conducting an investigation, or the Compliance Committee under Rule 7.2, to undergo an interview or produce such document as may be required in terms of the FMA.

- 18.8 The Exchange may give any direction to an Authorised User, in relation to an investigation by the Exchange under these Rules, which the Exchange considers is reasonably necessary to preserve the integrity of an investigation by the Exchange or is otherwise appropriate having regard to the obligations of the Exchange as the holder of an Exchange Licence.
- 18.9 The Exchange may require an Authorised User to provide, at the Authorised User's expense, a report from an independent and appropriately qualified Person in relation to the compliance by the Authorised User with these Rules, and any other matter which in the opinion of the Exchange is appropriate to assist the Exchange in the discharge of its functions and responsibilities under these Rules.

The Exchange will notify the Authorised User of the scope of the report and the time by which it must be provided.

- 18.10 The Authorised User is responsible for any costs the Authorised User incurs in connection with any investigation conducted by the Exchange under these Rules.

- 18.11 The Exchange or Registry may be required by law (including but not limited to Anti-Money Laundering Laws) to conduct, commission or otherwise investigate background checks on the Authorised User, Authorised User Representative or Employees and the Authorised User and Authorised User Representative shall authorise such actions and shall cooperate fully with the Exchange or its Senior Managers or Employees.
- 18.12 Where the Exchange or Registry may be required by the FSB or by law (including but not limited to Anti-Money Laundering Laws) to exchange information it has in connection with or relating to the Authorised User, Authorised User Representative, Employee or Transactions with third parties, the Authorised User or Authorised User Representative consent to the Exchange sharing such information, as it in its sole discretion deems appropriate.
- 18.13 The Exchange or Registry will take all reasonable measures to protect from unauthorised use or disclosure information provided to it in confidence by or on behalf of an Authorised User. The circumstances in which the Exchange or Registry is authorised to disclose or use such information may include, but not be limited to, the following:
- 18.13.1 disclosure to the FSB, any government agency, regulatory authority or Clearing and Settlement facility;
 - 18.13.2 where disclosure is required under any law or any order of any court or tribunal, authority or regulatory body;
 - 18.13.3 disclosure of information generally available to and known by the public;
 - 18.13.4 for the purposes of monitoring compliance with, or the enforcement of, the Rules or the determination of those matters including, without limitation, under Rule 8 or Rule 23; and
 - 18.13.5 where disclosure is required to enable the Exchange to fulfil its Exchange Licence obligations or supply the goods, services and products it has been engaged to supply.
- 18.14 An Authorised User, indemnifies the Exchange against any loss suffered by of the Exchange as a result of relying on incorrect, incomplete or misleading information provided by the Authorised User.

19 AUTHORISED USERS – NOTIFICATIONS

- 19.1 All notifications under these Rules by an Authorised User shall be made as soon as is reasonably practicable, given by the Authorised User Primary Representative, and in accordance with the Rules and/or Procedures. Where a notification is initially made verbally it must immediately be confirmed in writing in English and addressed as follows:
- 19.1.1 to the Chairperson of the Compliance Committee for a review under Rule 10;
 - 19.1.2 to the Chairperson of the Issuer Regulation Committee for an appeal under Rule 11;
 - 19.1.3 to the Person specified in a Procedure or Exchange Directive or ongoing correspondence with the Exchange; and
 - 19.1.4 to the Head of Legal, Compliance and Issuer Regulation Division in any other matter.
- 19.2 All notifications under these Rules to an Authorised User shall be made in English within the timeframes set out in the Rules, given by the Chief Executive Officer or a Senior Manager, and addressed to the Authorised User Primary Representative.

- 19.3 All notifications under these Rules to an Authorised User Representative shall be made in English within the timeframes set out in the Rules and addressed to the Authorised User Representative and copied to the relevant Authorised User.
- 19.4 Notices may be given by:
- 19.4.1 personal delivery to the Person identified in Rule 19.1, Rule 19.2 or Rule 19.3, which shall be deemed to have been given and received at the time of delivery to such Person;
 - 19.4.2 email delivery to the Person identified in Rule 19.1, Rule 19.2 or Rule 19.3 to an email address notified by the Exchange to the Authorised User or Authorised User Representative or *vice versa*, which shall be deemed to have been given and received when a valid delivery receipt has been received;
 - 19.4.3 delivering it at reception of the Exchange's business address or the address notified by the Authorised User or Authorised User Representative to the Exchange which shall be deemed to have been given and received at the time of delivery to the relevant address;
 - 19.4.4 couriering it to the Exchange's business address or the address notified by the Authorised User or Authorised User Representative to the Exchange which shall be deemed to have been given and received at the time of delivery to the relevant address; or
 - 19.4.5 submission on the Exchange Technology, which shall be deemed to have been given and received at the time the Exchange Technology records the transmission.
- 19.5 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 Rules.
- 19.6 In addition to utilising the Exchange Technology for communications with the Exchange, an Authorised User must have and maintain an operating e-mail system for the purposes of receiving notices under these Rules.
- 19.7 If the Exchange must give notice under these Rules to some or all Authorised Users, accidental omission by the Exchange to give notice to one or more Authorised Users does not affect the validity or enforceability of any resolution, decision, proceeding or act in connection with which the notice is required.

20 AUTHORISED USERS – TERMINATION

- 20.1 Authorised User's may have their participation in the Exchange terminated in one of the following ways:
- 20.1.1 immediate temporary termination, in terms of Rule 20.3;
 - 20.1.2 conditional temporary termination, in terms of Rule 20.4;
 - 20.1.3 permanent termination as an Authorised User, in terms of Rule 20.5; or
 - 20.1.4 resignation, if served in terms of Rule 20.6
- 20.2 Terminations through breaches or contraventions
- 20.2.1 If an Authorised User breaches or contravenes these Rules, the Exchange may, in accordance with these Rules, terminate the Authorised User's participation in the Exchange.

20.2.2 The Exchange may provisionally or finally terminate an Authorised User's participation in the Exchange if Insolvency Proceedings are initiated against that Authorised User.

20.3 Immediate temporary termination of Authorised Users:

An immediate temporary termination of an Authorised User's status may be issued by the Chief Executive Officer (on recommendation of the Head of Legal, Compliance and Issuer Regulation Division) by written notice to the Authorised User (for a maximum period of 10 (ten) Business Days), unless extended by the Compliance Committee, in the following circumstances:

20.3.1 when a breach by the Authorised User of the Rules is considered in the Chief Executive Officer's sole and absolute opinion, to be so serious or significant, or where he/she believes the continued Authorised User status is likely to be detrimental or to have a materially adverse effect on:

20.3.1.1 the capacity of the Authorised User to meet its obligations to the Exchange or to one or more other Authorised Users;

20.3.1.2 the objectives of the FMA;

20.3.1.3 the financial position of the Exchange;

20.3.1.4 the reputation and standing of the Exchange as a FSB licensed Exchange;

20.3.2 where another exchange has suspended the Authorised User from participating in such exchange, whether temporarily or permanently;

20.3.3 where the Authorised User has been placed under liquidation (provisional or final) or under business rescue; or

20.3.4 where the Authorised User no longer has any Authorised User Representatives.

20.4 Conditional temporary terminations of Authorised Users

20.4.1 In addition to any penalty it may impose under Rule 9, the Compliance Committee may, after following the process outlined in Rule 7.2, in its absolute discretion, conditionally terminate an Authorised User:

20.4.1.1 when the breach is considered in the Compliance Committee's sole and absolute opinion to be so serious or significant, or where it believes the continued Authorised User's status is likely to be detrimental to the Exchange; and

20.4.1.2 on such conditions as the Compliance Committee considers fair and appropriate in the circumstances, which might include time-related conditions or restrictions of the Authorised User's activities.

20.4.2 Where the Compliance Committee has decided to conditionally terminate the Authorised User's status the Authorised User shall be allowed to appeal such decision in terms of Rule 11.

20.5 Permanent terminations of Authorised Users

20.5.1 In addition to any penalty it may impose under Rule 9, the Compliance Committee may, after following the process outlined in Rule 7.2, in its absolute discretion, permanently terminate an Authorised User.

20.5.2 Where the Compliance Committee has decided to permanently terminate an Authorised User's status:

20.5.2.1 the Authorised User shall be allowed to appeal against such decision in terms of Rule 11; and

20.5.2.2 where the Authorised User has not successfully appealed against its termination, it shall not be allowed to apply for re-admission as an Authorised User.

20.6 Resignation of an Authorised User:

20.6.1 An Authorised User must provide the Exchange with at least 1 (one) months' written notice of its proposed resignation.

20.6.2 The Exchange may, in its absolute discretion, refuse to accept a notice of resignation in the event that the Exchange considers there is an outstanding matter concerning the Authorised User or its Clients.

20.7 Consequences of termination

20.7.1 An Authorised User that has provided notice of its resignation, or whose resignation has taken effect or whose participation in the Exchange has been terminated:

20.7.1.1 must continue to observe and fully comply with the Rules in respect of the Authorised User's conduct during the period of participation in the Exchange;

20.7.1.2 will remain responsible and liable under these Rules for its acts and omissions and those of its Employees during the period of participation in the Exchange;

20.7.1.3 must notify all Authorised User Representatives of the termination of their status as Authorised User Representatives and the cancellation of their Access Codes; and

20.7.1.4 must comply with any directions issued by the Exchange, including directions that relate to the Product Account or the Authorised User's Cash Account.

21 MARKET HOURS

21.1 The Exchange's normal trading hours shall be from 09:00 to 16:00 on all days other than:

21.1.1 Saturdays;

21.1.2 Sundays;

21.1.3 official South African public holidays; and

21.1.4 suspended times in terms of Rule 21.6.

21.2 Notwithstanding the aforementioned, the Exchange may determine and set out in the Procedures other times for pre-open, pre-close or post-close activities to take place.

21.3 An Authorised User may only submit, amend, or delete Orders on/from the Exchange during the times allowed for in this Rule 21.

21.4 Each Authorised User acknowledges that access to the Exchange and Exchange Technology may be restricted from time to time.

- 21.5 The Exchange will take reasonable steps to provide prior notification to Authorised Users advising of scheduled outages and subsequent notification for any unscheduled outages, or for any other reason Authorised User access to the Exchange or the Exchange Technology is restricted.
- 21.6 The Chief Executive Officer or one of the Senior Managers may suspend access to or cease trading on the Exchange if:
- 21.6.1 if at any time in relation to an Issuer or a Security two levels of information exist in the market;
 - 21.6.2 he or she determines a systems or communications problem has occurred or is likely to occur which may result in disorderly trading conditions on the Exchange;
 - 21.6.3 a specific type of Security is the subject of a suspension or trading halt on the Exchange due to a market disruption or as a result of excessive price movements; or
 - 21.6.4 he or she, in his or her absolute discretion, considers it appropriate to do so.
- 21.7 Where a trading halt has been placed on a Security in terms of Rule 21.6.3, the Exchange will:
- 21.7.1 assess whether such halt or suspension is justified;
 - 21.7.2 notify Authorised Users when the Exchange proposes lifting a trading halt or suspension of a Security, provided that all Authorised Users shall receive the same notice and such notice shall not be less than 15 (fifteen) minutes before the anticipated time of lifting the trading halt or suspension;
 - 21.7.3 not accept new Orders for that Security or allow existing Orders in relation to that Security to be amended; and
 - 21.7.4 not allow an Authorised User to cancel existing Orders in relation to that Security.

22 MARKET CONDUCT

- 22.1 The Exchange, through the actions of the Chief Executive Officer or one of the Senior Managers, may take any action it considers necessary to ensure that the Exchange is fair, efficient, transparent and operated honestly including:
- 22.1.1 rejecting one or more Orders or other electronic messages submitted to the Exchange or entered into the Exchange;
 - 22.1.2 suspending or halting trading in all or part of the Exchange;
 - 22.1.3 directing any Authorised User or Authorised User Representative to take, or not to take, specified action in connection with the Exchange; or
 - 22.1.4 modifying, restricting or suspending access by one or more Authorised Users or Authorised User Representatives to all or part of the Exchange.

23 MARKET DISPUTES

- 23.1 An Authorised User may notify the Chief Executive Officer or Senior Manager of any Dispute between the Authorised User and another Authorised User arising in relation to any of the Rules. Any notice by an Authorised User pursuant to this Rule must be made:
- 23.1.1 if the Dispute relates to a Transaction, within 60 (sixty) minutes of execution of the Transaction; or
 - 23.1.2 if the Dispute does not relate to a Transaction, by 18:00 on the Business Day on which the Dispute has arisen;
- 23.2 Any notification by an Authorised User pursuant to Rule 23.1 must provide:
- 23.2.1 sufficient details of the Dispute including details of the Transaction or other actions in the Exchange relevant to the Dispute; and
 - 23.2.2 details of the action the Authorised User requests the Exchange to take and why the Authorised User considers such action would be appropriate and consistent with ensuring a fair, efficient and transparent market.
- 23.3 The Chief Executive Officer or Senior Manager may in his/her absolute discretion, disclose to an Authorised User the identity of the counterparty to a Transaction the Authorised User has entered, in order that the Authorised User may discuss the Transaction with the counterparty directly.
- 23.4 The Chief Executive Officer or Senior Manager will consider a Dispute as soon as reasonably practicable following the referral by an Authorised User.
- 23.5 In considering a Dispute, the Chief Executive Officer or Senior Manager may make any enquiries relevant to the Dispute, seek information from the relevant Authorised Users and determine how the Dispute will be considered.
- 23.6 The Chief Executive Officer or Senior Manager may decide to take any action (or refrain from taking action) and give any directions it considers appropriate in relation to the Dispute.
- 23.7 The Chief Executive Officer or Senior Manager will notify each Authorised User involved in the Dispute, of the action, if any, it proposes to take.
- 23.8 The Chief Executive Officer or Senior Manager will not take steps to implement the action proposed in a notice issued pursuant to Rule 23.7 unless:
- 23.8.1 the period for notifying a request for a review under Rule 10.1.1 has expired (unless the Authorised Users affected agree to waive that period); or

23.8.2 in the opinion of the Chief Executive Officer or Senior Manager, circumstances require the proposed action to be taken immediately.

23.9 Nothing in Rule 23 precludes the Exchange from taking any other action which it is permitted to take under the Rules and the Procedures in connection with a Dispute including, without limitation, the taking of disciplinary action under Rule 7.

24 CLEARING AND SETTLEMENT

24.1 The manner in which Clearing (which includes matching) and Settlement will occur, including Authorised User access to the Exchange and the conditions to which Transactions in Securities are subject to and will be effected are set out below:

24.2 Access to the Exchange

24.2.1 Access to the Exchange is restricted to Authorised User Representatives *via* their activated individual Access Codes.

24.2.2 To access the Exchange, Authorised User Representatives must also have a suitable internet connection, computer hardware and software and communication connections.

24.2.3 The Exchange does not provide any warranty with regards to:

24.2.3.1 an Authorised User's ability to submit Orders and execute Transactions on the Exchange; or

24.2.3.2 the response times for viewing, querying, or transferring data on the Exchange Technology.

24.2.4 An Authorised User is responsible for all obligations and liabilities arising from the entry, amendment, deletion and/or execution of all electronic messages, including Orders, submitted to the Exchange by or on behalf of the Authorised User.

24.2.5 It is the obligation of an Authorised User Representative to ensure the accuracy of all details, the integrity and *bona fides* of all Orders submitted for that Authorised User.

24.2.6 The Exchange is not responsible for, or obliged to verify the accuracy and correctness of the figures, information, and data contained in any Orders submitted on the Exchange.

24.3 The types of Securities that may be traded on the Exchange are specified in the Listing Requirements and will be included in the Procedures.

24.4 Securities may only be traded through the Exchange and only where there is a change in beneficial ownership in the Security. Any change in beneficial ownership of a Security shall be considered a trade. The Chief Executive Officer may however agree to exempt certain corporate activity from the requirements of this 24.4, where in his/her discretion he/she considers that such activity has been undertaken in a normal commercial way and not simply to avoid compliance with these Rules.

24.5 Orders (Bids and Offers)

24.5.1 Only an Authorised User Representative of an Authorised User admitted under Rule 15 may submit Orders in the Exchange.

24.5.2 The following types of Orders may be submitted on the Exchange:

24.5.2.1 Bids; and

24.5.2.2 Offers.

24.5.3 An Order submitted to the Exchange:

- 24.5.3.1 must have all mandatory attributes that may be specified in the Procedures;
- 24.5.3.2 must identify whether it is a Director or an “*Insider*” (as contemplated in terms of the FMA) of the Issuer or has an beneficial interest in the Security to be traded; and
- 24.5.3.3 may have any optional attributes that may be specified in the Procedures.

24.5.4 All Orders entered in the Exchange:

- 24.5.4.1 must be made on an Authorised User’s own behalf and must not be made on behalf of other Authorised Users or any other entity or Person;
- 24.5.4.2 must be valid for a specified period or for an unspecified period which shall be deemed to be for 30 (thirty) Business Days;
- 24.5.4.3 are firm and available for execution, subject to these Rules;
- 24.5.4.4 will remain open until Cleared in the 4AX Order Book by way of electronically matching Bids with Offers or until such time as they are withdrawn, removed or cancelled by the Authorised User or removed by the Exchange in accordance with these Rules;
- 24.5.4.5 will be Cleared based on price/time and priority, subject to any exceptions that may be set out in the Procedures including the following:
 - 24.5.4.5.1 Bids are automatically sorted by ascending price, with the highest price listed at the top of the queue;
 - 24.5.4.5.2 Offers are automatically sorted by descending price, with the lowest price listed at the top of the queue; and
 - 24.5.4.5.3 within each queue Bids or Offers ranked equally are sorted by time with the earliest Bid or Offer ranked above subsequent Bids or Offers.

24.5.5 If an Authorised User:

- 24.5.5.1 amends the Offer or Bid by reducing the quantity or amending the intention of whether or not to accept a partial fulfilment of the Order, the amendment does not affect the priority ranking;
- 24.5.5.2 withdraws or cancels an Offer or Bid, then the Offer or Bid is deleted from the 4AX Order Book; or
- 24.5.5.3 makes any other amendment to an Offer or Bid, the Offer or Bid loses its priority ranking, and the amended Order is treated as a new Order.

24.5.6 All Orders entered in the Exchange must otherwise comply with the Procedures.

24.5.7 An Authorised User may only submit a Bid if sufficient funds are held in the Authorised User Cash Account to settle the Transaction, including all related Transaction costs, and which are not the subject of one or more other Bids.

24.5.8 An Authorised User may only submit an Offer if the Securities which are the subject of the proposed Offer are held in the Product Account.

24.5.9 When submitting an Offer, the selling Authorised User:

- 24.5.9.1 is guaranteeing to the Exchange and other Authorised User's that the selling Authorised User's Client holds full and unencumbered legal title to the Securities the subject of the Offer;
- 24.5.9.2 indemnifies the Exchange and other Authorised Users against any loss or damage suffered if the selling Authorised User breaches this guarantee;
- 24.5.9.3 is authorising the Exchange to transfer the Securities the subject of the Offer as soon as (and to the extent that) the Offer (or part of it) is Cleared; and
- 24.5.9.4 is instructing the Exchange to deliver funds the subject of a Transaction to the Authorised User's Cash Account of the selling Authorised User.

24.5.10 When submitting a Bid, the buying Authorised User:

- 24.5.10.1 is guaranteeing to the Exchange and other Authorised User's the accuracy and completeness of the buying Authorised User's Client information to support acquiring legal title of the Securities which are the subject of the Offer in terms of any Restrictions and verification procedures agreed to by the Issuer and the Registry;
 - 24.5.10.2 indemnifies the Exchange and other Authorised Users against any loss or damage suffered if the buying Authorised User breaches this guarantee;
 - 24.5.10.3 is authorising the Exchange to transfer funds the subject of a Bid as soon as (and to the extent that) the Bid (or part of it) is electronically matched with an Offer through the Clearing process; and
 - 24.5.10.4 is instructing the Exchange to deliver Securities the subject of a Transaction to the Authorised User's Registry Account of the buying Authorised User.
- 24.5.11 The Exchange may impose restrictions and limits in relation to the entry of Orders or the execution of Transactions.
- 24.5.12 Authorised Users are responsible for setting, monitoring and controlling their own internal restrictions and limits.
- 24.5.13 The Exchange may remove an Order at any time before it is Cleared in the circumstances that the Order does not comply with the Rules, or to otherwise ensure a fair, efficient and transparent market, including a determination being made by the Chief Executive Officer in his or her sole discretion to cancel unmatched Orders because of an Issuer corporate action, after the submission of such Orders, which could prejudice the Exchange, an Authorised User or a Client.
- 24.5.14 The Clearing of Orders in the Exchange results in the execution of a Transaction between the relevant Authorised Users. Except when in accordance with these Rules, the Exchange will not disclose the identity of Authorised Users that are counterparties to a Transaction.
- 24.5.15 A Transaction may only be terminated by the Exchange prior to the Clearing of the affected Transaction, in the event that Insolvency Proceedings have commenced against the Client.
- 24.5.16 Transactions executed on the Exchange are subject to the Clearing and Settlement arrangements outlined in these Rules and any Procedures.

24.6 Purging of Orders

24.6.1 An Order on the Exchange that is not Cleared at the close of trading will be cancelled by the Exchange on the earliest of:

24.6.1.1 being removed by the Exchange in terms of Rule 24.5.13;

24.6.1.2 cancellation by the Authorised User;

24.6.1.3 a determination being made by the Chief Executive Officer in his or her sole discretion to cancel the Order because, an Issuer corporate action, after the submission of the Order, may prejudice the Exchange, an Authorised User or a Client; if an Order was submitted more than 30 (thirty) Business Days prior by an Authorised User and is unlikely to be Cleared in the foreseeable future.

24.7 Costs

The Authorised User is responsible for any costs associated with submitting Orders, Clearing and Settlement of Transactions on the Exchange and any other activities of the Authorised User in connection with the Exchange.

24.8 General Clearing and Settlement Rules

24.8.1 Each Authorised User that is a party to a Transaction acknowledges that automated Clearing and Settlement arrangements have been incorporated into the design and operation of the Exchange and authorises the Exchange to take such action as is necessary to Clear and Settle each Transaction.

24.8.2 Authorised Users must ensure that all actions taken in terms of Clearing and Settlement comply with these Rules and facilitate the efficient, honest, transparent and fair processing of Transactions.

24.8.3 The Exchange may take any action it considers necessary against an Authorised User to ensure that there are adequate arrangements for the Clearing and Settling of Transactions.

24.8.4 An Authorised User must pay the Exchange the applicable fees specified in the Procedures for each Transaction Settled on the Exchange. Authorised Users acknowledge that these fees will be deducted by the Exchange from the Authorised User's Cash Accounts associated with each Transaction in accordance with the Procedures.

24.8.5 The Exchange may not revoke any Settlement instruction following the Clearing of a Transaction on the Exchange, unless Insolvency Proceedings have commenced against a Client or an Authorised User and in addition, the Operations and Trading Division conclude that such a revocation is necessary to ensure that the Exchange remains fair, efficient and transparent.

24.8.6 No Settlement instruction may be revoked in the event that Insolvency Proceedings have commenced against the Exchange, save for those provided in any applicable insolvency laws.

24.9 Monitoring compliance and investigation

24.9.1 The Exchange will monitor the execution of Transactions including the monitoring of Clearing and Settlement obligations of Authorised Users and their Clients for the purpose of ensuring a fair, efficient and transparent market.

24.9.2 The Exchange will monitor compliance by an Authorised User with the Rules, Exchange Directives and the FMA.

- 24.9.3 The Exchange may at any time investigate the activities of an Authorised User or an Authorised User Representative.

25 CLIENT PROTECTION FUND

- 25.1 The Exchange shall establish the Client Protection Fund for the purpose of protecting Clients in their dealings with the Exchange, Authorised Users, Authorised User Representatives and Issuers.
- 25.2 The Exchange shall open a separate trust account for the Fund.
- 25.3 The Compliance Committee will act as custodians to such Fund and administer the Fund in terms of these Rules, which shall include, *inter alia*:
- 25.3.1 opening and operating the separate trust Bank account or depositing the money with an attorney trust account for the Fund;
 - 25.3.2 investing surplus cash, including the interest earned, resources into a call account, a money market fund or such other investment vehicle that they believe serve the objectives of the Fund; and
 - 25.3.3 obtaining insurance cover against claims that may be lodged against the Fund, to the extent that the Fund can afford the related premiums pursuant thereto.
- 25.4 The Compliance Committee will report to the Board at least 2 (two) times per year (or more to the extent that the Board specifically request same), which report shall:
- 25.4.1 be audited annually at least, along with the Exchange's annual financial statements; and
 - 25.4.2 disclose fully and appropriately in terms of IFRS:
 - 25.4.2.1 all the assets and liabilities of the Fund at the end of the period under review;
 - 25.4.2.2 details of all inflows into the Fund for the period under review;
 - 25.4.2.3 details of all claims lodged and/or paid during the period under review;
 - 25.4.2.4 details of all claims dismissed during the period under review and reasons for such dismissal;
 - 25.4.2.5 details of any amount that may become repayable to the Exchange in terms of these Rules; and
 - 25.4.2.6 any insurance cover in place to cover the risks of the Fund.
- 25.5 The Fund will be capitalised as follows:
- 25.5.1 The Exchange shall contribute:
 - 25.5.1.1 an initial amount of R2,500,000 (two million five hundred thousand Rand), which amount shall be deposited into the Fund's separate trust Bank account within 10 (ten) Business Days of the issue of the Exchange Licence;
 - 25.5.1.2 on an annual basis, 25% (twenty five percent) of the Exchange's net profits (based on its audited profits), up to aggregate amount of R2,500,000 (two million five hundred thousand Rand), which funds shall be transferred by the Exchange into the Fund's separate trust Bank account within 1 (one) month of the approval of its audited accounts by the Board;

- 25.5.1.3 levying an investor protection levy of 0.01% (one basis point) of the trade value on all Transactions, which levy shall be transferred into the Fund's separate trust Bank account within 30 (thirty) days of the end of the month to which it relates. Provided, however, that the Exchange may elect, with the consent of the Compliance Committee, to cease levying such investor protection levy in terms of this Rule, when the Fund's size exceeds the average value of 4 (four) Settlement periods, per the latest audited accounts of the Exchange;
 - 25.5.1.4 any monetary penalties levied by the Exchange on any Issuer or Issuer Agent in terms of the Listing Requirements;
 - 25.5.1.5 any monetary penalties levied by the Exchange on any Authorised User or Authorised User Representative in terms of the Exchange Rules; and
 - 25.5.1.6 any income derived from the Fund's assets and/or investment activities in terms of these Rules.
- 25.5.2 The Fund shall not be allowed to go into debt or to incur any liabilities, other than those relating to claims against the Fund and permissible deductions under these Rules.
- 25.6 The Compliance Committee, as custodian of the Fund, shall allow the following expenses to be deducted from the Fund's resources:
 - 25.6.1 any Bank charges, fees and costs associated with the transfer of funds;
 - 25.6.2 audit fees and related disbursements in respect to the annual report of the Compliance Committee as set out in these Rules;
 - 25.6.3 any expenditure actually incurred by the Compliance Committee in assessing any claim lodged under these Rules, which may include utilising the services of an independent expert or legal advisors;
 - 25.6.4 any expenditure incurred by the Exchange, and authorised by the Compliance Committee, in respect of market/brand development or investor education programs, whether to market or conduct them; and
 - 25.6.5 any insurance premiums actually incurred, whether by the Fund or the Exchange, to cover risks of the Fund and/or against claims against the Fund;
- 25.7 The Compliance Committee shall reimburse the Exchange with its contributions to the Fund in terms of these Rules, as follows:
 - 25.7.1 the Exchange's contribution made in terms of Rule 25.5.1.2, when the Fund's resources, excluding any Exchange contribution, exceeds R2,500,000 (two million five hundred thousand Rand); and
 - 25.7.2 the Exchange's contributions made in terms of Rule 25.5.1.1, when the Fund's resources, excluding any Exchange contribution, exceeds R5,000,000 (five million Rand).
- 25.8 Without limiting any claim that a Client may have against an Authorised User or Issuer, the Fund will compensate Clients for any direct trading losses arising from any Transaction, as determined by the Compliance Committee, which result from any of the following:
 - 25.8.1 failure of the Exchange Technology, other than those arising from a *Force Majeure* Event;
 - 25.8.2 Disputed trades in terms of the Exchange Rules;

- 25.8.3 trading on misleading Issuer information, or a lack of Issuer information, in contravention of the Listing Requirements, which the Exchange was aware of and allowed to persist/continue, provided, however, that any claim against the Fund shall be limited to the amount of any monetary penalty paid into the Fund by the Issuer concerned; and/or
 - 25.8.4 any other cost that the Compliance Committee may consider to be necessary for the proper administration of the Fund and/or furthering the objectives of the Fund.
- 25.9 Once the Fund has net assets of R50,000,000 (fifty million Rand) or more in size, and for as long as the value of the Fund's resources exceeds R50,000,000 (fifty million Rand), the Compliance Committee shall reimburse the Exchange the actual costs incurred by the Exchange, or any part thereof, in respect of:
- 25.9.1 the Compliance Committee, including payments to members and relating to conducting the affairs of the Compliance Committee;
 - 25.9.2 the Issuer Regulation Committee, including payments to members and relating to conducting the affairs of the Issuer Regulation Committee;
 - 25.9.3 the Audit Committee of the Exchange, including payments to members and relating to conducting the affairs of the Audit Committee;
 - 25.9.4 market surveillance and enforcement, including the costs incurred in respect of the Legal, Compliance and Issuer Regulation Division;
 - 25.9.5 Exchange Licence fees and regulatory fees paid to the FSB for the Exchange Licence; and
 - 25.9.6 any VAT payments, including any other taxes or statutory charges beyond the control of 4AX levied on any of the above deductions or the activities of the Fund.
- 25.10 The Exchange shall be entitled to take such steps it considers necessary to limit claims against the Fund in terms of these Rules, including, without being limited to, entering into Transactions.

26 GENERAL

26.1 Exchange Liability

26.1.1 Exclusions:

While the Fund is established to protect Clients and may settle a claim in terms of Rule 25, the Exchange, subject to Rule 26.1.2, is not liable to an Authorised User, Participant or Client for any direct, indirect or consequential losses, damages and/or expenses (including legal costs) arising in any way in relation to:

26.1.1.1 a *Force Majeure* Event;

26.1.1.2 the rendering and/or supplying of services, goods or products relating to the Exchange, including without limitation, any services, goods or products relating to Transactions, trading information or documentation concerning an Authorised User;

26.1.1.3 any negligent act or omission of the Exchange including without limitation, any systems malfunctions or failure, programming error, error inputting data or any other error, in relation to a computer or otherwise, in connection with the supply by the Exchange of any services, goods or products;

26.1.1.4 any implied conditions and warranties, including those implied by statute, general law or custom, in relation to the rendering and/or supplying of services, goods or products by the Exchange; or

26.1.1.5 the operation, enforcement or implementation of these Rules, including without limitation, any act or omission to ensure the Exchange is operated in an efficient, honest, transparent and fair manner.

26.1.2 Certain liability not excluded:

26.1.2.1 the Exchange does not exclude under this Rule any liability arising from conditions and warranties implied by or contained in statute, general law or custom where the exclusion or limitation of that liability would contravene any statute or cause any part of this Rule to be void.

26.1.3 Limitation of liability

The liability of the Exchange under any condition or warranty in Rule 26.1.1.5 may be limited at the discretion of the Exchange to:

26.1.3.1 in the case of services, the cost of services supplied by the Exchange or payment of the cost of having the relevant services supplied by a third party; and

26.1.3.2 in the case of goods and products, the repair or replacement of those goods and/or products or the payment of the cost of having the goods and/or products repaired or replaced.

26.1.4 Extension of liability exclusions and limitations to others:

- 26.1.4.1 To the extent permitted by law, each exclusion and limitation in this Rule 26 extends to every Related Party of the Exchange and every Employee acting for or on behalf of the Exchange or a Related Party as if a reference to the Exchange included a reference to each of them. The benefit of any limitation or exclusion under this Rule 26 in favour of any Person other than the Exchange under this Rule 26 is held by the Exchange for the benefit of those other Persons and the Exchange may enforce that benefit on their behalf.
- 26.1.4.2 To the extent permitted by law, and except in the case of fraud, the Exchange is not liable for any damage, whether direct, indirect, special, consequential or loss of profits suffered by the Authorised User, or its Authorised User Representative or Employee as a result of:
- 26.1.4.2.1 any use of the Exchange Technology by the Authorised User, or an Authorised User Representative or an Employee; and/or
 - 26.1.4.2.2 any acts, events, omissions, defaults, loss or other damage caused directly or indirectly by any Suspension Event; and/or
 - 26.1.4.2.3 any technical problems with the Exchange computer hardware or software; and/or
 - 26.1.4.2.4 any loss suffered as a result of restricted access to the Exchange or the Exchange Technology; and/or
 - 26.1.4.2.5 the implementation and enforcement of these Rules or any negligent act or omission of the Exchange, including input errors; and/or
 - 26.1.4.2.6 any implied conditions and warranties; and/or
 - 26.1.4.2.7 any imperfection, invalidity or defect of any kind with respect to any Securities, including in relation to the legal title or any claims related to the use or characteristics of Securities; and/or
 - 26.1.4.2.8 any acts, omissions and defaults of the administrators of the Approved Settlement Bank; and/or
 - 26.1.4.2.9 any changes in market conditions; and/or
 - 26.1.4.2.10 any third party who gains authorised or unauthorised access to or otherwise makes use of the Exchange Technology through the use of an Access Code; and/or
 - 26.1.4.2.11 any breach by the Authorised User or an Authorised User Representative of any part of these Rules; and/or
 - 26.1.4.2.12 a suspension, expulsion or any disciplinary action that the Exchange takes in accordance with these Rules.
- 26.1.4.3 Hold Harmless
- 26.1.4.3.1 the Exchange is a service provider whose purpose is the provision of the Exchange through the operation and maintenance of the Exchange Technology, including Clearing and Settlement arrangements and associated administrative services; and/or

26.1.4.3.2 the Exchange does not in any way guarantee the legal title or fulfilment of any Restrictions of the Securities which are the subject of Offers;

26.1.4.4 Each Authorised User:

26.1.4.4.1 relies on any information obtained in the Exchange at its own risk; and

26.1.4.4.2 holds the Exchange harmless for any failure of another Authorised User to comply with these Rules and the Procedures.

26.1.4.5 Indemnities and warranties

26.1.4.5.1 In addition to the statutory warranties and indemnities provided for in Section 55 of the Companies Act, and the FMA, every Authorised User, Issuer and Client shall be deemed to have indemnified the Exchange and its Employees against any loss, legal costs, damage or liability suffered or incurred by the Exchange, as a result of any grossly negligent or wilful act or omission, on the part of such, Issuer or Client, as the case may be, or any of their officers, Employees; and

26.1.4.5.2 Each Authorised User, Issuer and Client shall be deemed to have waived any claim that it may have against the Exchange or, its Employees resulting from any negligent performance or failure to perform by the Exchange, its Directors, executive officer, officers, Employees or representatives of any function under or in terms of the FMA, the Rules or Exchange Directives.

26.2 VAT and taxes

26.2.1 Authorised Users are liable for all stamp duty and other taxes or duties that may arise in respect of any Transaction to which it is a party or any services provided by the Exchange under these Rules. Authorised Users will indemnify the Exchange against liability for any taxes or duties so arising under this Rule and the Exchange may set off any applicable taxes against any monies owed by the Exchange to the Authorised User.

26.2.2 all subscriptions, charges, fees and any other costs due in accordance with these Rules, the Procedures or in any agreement signed by the Exchange are expressly stated exclusive of VAT.

26.2.3 Each Authorised User indemnifies the Exchange and its Employees for any loss or damage suffered and any obligations, claims or penalties that may arise directly or indirectly as a consequence of the Authorised User's misuse of the Exchange for an improper purpose.

26.3 Financial surveillance

Each Authorised User must ensure that it has complied with or will comply with any applicable financial surveillance laws or regulations.

27 INSOLVENCY OF AN AUTHORISED USER

27.1 Notwithstanding any other Rule above, in the event that Insolvency Proceedings have commenced against an Authorised User, the Exchange may take any action it deems necessary to protect the Exchange, Authorised Users or Clients (“**Relevant Parties**”), including:

27.1.1 directing that all accounts which the Authorised User holds for Clients be transferred to another Authorised User or to the Exchange, including all related documentation and information pertaining to the accounts;

27.1.2 directing that all funds that are attributable to the accounts held for Clients are deposited into secure and separate trust Bank accounts;

27.1.3 appointing an insolvency manager to administer the transfer of accounts and take all such actions necessary to protect Client funds; and

27.1.4 issue Procedures or any other operational directive to protect the Relevant Parties.

- 27.2 In the event that there is any shortfall in the accounts referred to in Rule 27.1 above, the Board will distribute such relevant Securities to the Clients on an equitable basis in proportion to the interest allocated to each Client immediately prior to the Insolvency Proceedings commencing against the Authorised User. Each Client will be required to bear the shortfall in proportion to its interest, if applicable.