FSCA

Financial Sector
Conduct Authority

Conduct Standard [-] of 2026: Requirements for market infrastructures

Consultation Report

March 2026

1. Purpose

1.1 Section 104 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act) requires that with each regulatory instrument, the maker must publish a consultation report which must include:

(a) a general account of the issues raised in the submissions made during the consultation; and

(b) a response to the issues raised in the submissions.

1.2 The purpose of this document is to set out, as required in terms of section 104 of the FSR Act, a report on the consultation process undertaken in respect of the draft Conduct Standard [-] of 2026: Requirements for market infrastructures (hereinafter referred to as the Conduct Standard).

2. Summary of the consultation process and general account of issues raised

2.1 On 9 April 2024, the Financial Sector Conduct Authority (FSCA) published for public consultation, a draft notice inviting comments on the Conduct Standard and the related supporting documents. Section 98(2) of the FSR Act requires that the comment period must be at least six weeks, and comments were, therefore, due on or before 23 May 2024.The following documents were published as part of the consultation process:

(a) Draft Notice containing the draft Conduct Standard

(b) Statement of need for, intended operation and expected impact of the draft Conduct Standard (Statement of Need); and

(c) Comment template.

2.2 A number of commentators requested an extension to submit comments, and the written consultation period closed on 10 June 2024. The Authorities received over 300 comments from 11 respondents. All comments received as part of the public consultation process were considered and are set out in Section B, C and D below, together with the FSCA's response to the comments received. Following the public consultation process, significant changes were made to the substantive provisions in the draft Conduct Standard informed by the public comments received. Detailed responses in this regard are set out below.

3. General account of the issues raised in the submissions made during the consultation

3.1 The main issues raised during the public consultation were as follows:

No	Main issue	Response of the FSCA
Chapter 1 – Definitions and application		
1.	Scope and application — industry queried whether external infrastructures market infrastructures are in scope. Concern that an over-broad scope could create ambiguity and operational overlap.	The Standard is entity-agnostic and applies to all FMIs licensed under the FMA, with general duties and infrastructure-specific chapters where needed. In the revised Standard, the scope of application has been refined to recognise external CCPs/TRs where relevant.
2.	Definitions and localisation — Commentators cautioned against "imported" definitions not tailored to	The Standard has been drafted in line with local empowering legislation. However, the specific issues raised by commentators relating to definitional matters have been resolved through the refinement or deletion of specific

	the South African markets, highlighting the risk of creating legal ambiguity.	definitions. See the marked-up version of the Conduct Standard for ease of identifying changes.
Chapter 2 – General requirements		
3.	On the provisions relating to conflicts of interest commentators noted that the Conduct Standard requires for sharper separation of regulatory vs commercial roles, with robust oversight, although questions have been raised with regards to the composition of the conflicts of interest committee and the governance of the committee, and the requirements for annual reporting.	The requirements related to conflicts of interest as set out in this section are existing requirements in FSB Board Notice 1 of 2015 published in Government Gazette No. 38369 of 2 January 2015 which has been incorporated into the Conduct Standard. The substance of the Notice has been retained, in particular with regards to the composition of the conflicts of interest committee and the requirements for annual reporting. In sum, market infrastructures are required to establish an independent oversight committee, to develop policies to avoid/manage/mitigate conflicts, and ensure appropriate separation of regulatory and commercial functions, and to submit an annual assessment/report to the FSCA. It is clarified that an existing board committee can fulfil the duties of the independent oversight committee.
4.	A concern was raised on the provisions relating to fees, charges and cross-subsidisation, in particular the banning of cross-subsidisation. It was also queried whether the transparency relating to fees required public disclosure of proprietary pricing models.	The FSCA clarified in the revised drafting that cross-subsidisation is not prohibited; and have incorporated the principle that fees must be reasonable and commensurate with the actual cost of performing the function or rendering services. Market infrastructures must, however, disclose all fees and provide the basis where fees are not pre-determinable to clients. Importantly, there is no requirement to publish proprietary pricing models. The focus of the provisions is on transparency to support fair outcomes and appropriate oversight.
5.	On significant events (halts/suspensions), some argued "suspension" should not be a significant event; wanted clarity on who to notify and by when; and suggested joint crisis mechanisms.	The FSCA is of the view that "suspension" remains a significant event due to market-wide implications. In addition, the requirements of *FSB Notice to licensed market infrastructures to report significant events to the Registrar* are incorporated; FMIs must notify affected FMIs and the FSCA promptly of the occurrence of significant event (timelines specified). Coordination is encouraged, and the requirements in the revised draft Conduct Standard remains principle-based rather than scenario-prescriptive.
Chapter 3 – Requirements for CSDs and CCPs		
6.	On CCP default management & rule content, concern was raised that CCPs appear sidelined in client defaults. Queries were also raised on tiered participation, insurance expectations, treatment of inactive members and unsettled contracts as well as omnibus accounts.	The drafting of the provisions has been clarified to confirm CCPs' central role in default management with co-ordinated responsibilities. The Conduct Standard requires CCP rules to address tiered participation, business continuity and disaster recovery as well as insurance expectations, and treatment of inactive members. The requirements on "unsettled contracts" for newly admitted members apply as appropriate and the reference to an omnibus account has been removed.
Chapter 4 – Requirements for exchanges		
7.	With respect to best execution, a comment was made that an exchange should not carry ultimate responsibility for ensuring best execution.	The FSCA has confirmed in its responses that authorised users remain responsible for best execution; and that the obligation is on exchanges to enable/facilitate (not guarantee) best execution via mechanisms and transparency for common listings/users.
8.	On time synchronisation, tick sizes and high frequency trading, a need for modern time protocols and tighter drift was identified.	In the requirements related to time synchronisation is was clarified that exchanges must use Precision Time Protocol with health/accuracy indicators and within 5 milliseconds of the South African standard for time.. The minimum tick sizes are to be determined by the FSCA by notice on its website, and the drafting has been clarified to require that where a security

		is listed on multiple exchanges and has common authorised users, the secondary exchange must coordinate with the primary exchange to ensure that its tick size is aligned with the primary exchange's tick size.
9.	With respect to transfers of listings, commentators raised the risk of bypassing delisting safeguards and investor protections. A need was identified for clear governance on transfers.	The drafting of this section has been improved and refined: any transfer must involve the issuer regulation committees of relevant exchanges and full compliance with listing requirements. The provisions are not meant to be a mechanism to bypass safeguards provided for in the FMA, and commentators are reminder that the requirements in the Conduct standard supplement the requirements in the FMA, in terms of the FSCA's powers to make subordinate legislation as enabled in the FMA. The Conduct Standard and the FMA should be read in conjunction with one another.
Chapter 5 - Co-operation, inter-operation and establishing links between market infrastructures		
10.	On co-operation & interoperability between market infrastructures, clarity was sought on whether arrangements required in terms of the Conduct Standard are binding, and the specific content to be contained therein. Concerns were also raised on the cost and complexity of enabling inter-MI links.	The drafting of this section has been revised to be more flexible and clarify that not every relationship may require both types of agreements simultaneously, as we recognise that it may be unnecessary in some cases. The requirements prescribe that the matters to be agreed therein must include governance, decision-rights, information-sharing, and dispute resolution mechanisms. With respect to the appropriate technology/commercial specifications that must be implemented to give effect to the provision, this discretion is for the parties to the agreement to decide. Furthermore, the FSCA is of the view that the extended 18 months transitional period will allow affected market infrastructure to engage on the most cost-effective methods to comply with the requirements.
11.	With respect to the concept of "fair and open access" concern was raised that it duplicates or conflicts with the FMA's concept of "equitable criteria," and could be read as forcing access to confidential or proprietary information.	The principle has been retained as it aligns with equitable, transparent, non-discriminatory access as required in terms of the FMA. The requirements does not override confidentiality/data-protection requirements and applies only to licensed functions/facilities, not to proprietary commercial information.
Chapter 7 – Short title and commencement		
12.	Transitional arrangements – The industry highlighted the constraints associated with the Standard coming into effect 12 months after date of publication.	In terms of the revised draft Conduct Standard, an 18-month transition period from date of publication is now proposed to allow for market infrastructures to implement a cost-effective approach to implementing the requirements in the Conduct standard, in line with what was requested by commentators.
General issues		
13.	Commentators raised concerns on the implementation burden and the need for proportionality. A point was made that smaller brokers/single-venue firms flagged cost/complexity of implementing the requirements and the wholesale system changes	The FSCA confirms that the Conduct Standard is drafted in a principle based manner which allows for the necessary proportionality, and which is focussed on the outcomes of said principles, instead of relying on inflexible rules. The requirements are therefore meant to be broad and to impose a principled requirement on market infrastructures.

	necessitated by the implementation of the Conduct Standard.	The Conduct Standard is also technology-neutral, and does not impose a specific technological solution or that existing systems must be overhauled. It is also anticipated that the 18-month transition period will support orderly implementation.
14.	Requests were made to embed anti-monopoly provisions directly in the Standard.	Competition policy rests with the Competition Authorities.The FSCA's mandate is to, among others promote, to the extent consistent with achieving its objective, sustainable competition in the provision of financial products and financial services. The Conduct Standard advances fair/open access, transparency and coordination to support contestable markets without overstepping statutory mandates.
15.	The need for the rules to be tailored to the SA market and not "one-size-fits-all," was raised. In addition, a point was made that the FSCA's objective of managing and mitigate fragmentation risk should not stifle innovation.	The Conduct Standard is principle-based and outcomes-focused, tailored to SA markets and aimed at strengthening coordination between market infrastructures. It clarifies responsibilities on the various role players in the market, and will improve fee/event transparency, while preserving flexibility to achieve minimum outcomes without prescriptive technical mandates. The FSCA remains of the view that the requirements in the Conduct standard is necessary to mitigate fragmentation and supporting fair competition in the SA financial markets.

4. Table of Contents

Section A: List of Commentators

List of commentators		
No.	**Name of organisation**	**Acronym**
1.	A2X Markets	A2X
2.	Banking Association South Africa	BASA
3.	Cape Town Stock Exchange	CTSE
4.	Integrated Exchange	IE
5.	JSE Limited	JSE
6.	Nedbank Limited	Nedbank
7.	Nedgroup Private Wealth Stockbrokers Proprietary Limited	NPWS
8.	Peresec Prime Brokers Proprietary Limited	Peresec
9.	The South African Institute of Financial Markets	SAIFM
10.	South African Institute of Stockbrokers	SAIS
11.	Standard Bank South Africa	Standard Bank

Section B: Public comments received on the draft Conduct Standard and responses from the FSCA

No.	Commentator	Section of the Conduct Standard	Comment	FSCA response
CHAPTER 1 **DEFINITIONS AND APPLICATION**				
1. Definitions				
1.	SAIS	**<u>Chapter 1 – Definitions</u>**	Under the definitions section, it appears that some definitions have been copied and pasted from different countries' codes of conduct for FMIs, various market rules and regulations and legislations, and then placed into this draft SA regulatory framework. This practice can pose several risks within the SA market if these definitions are not properly defined and articulated within the local	The comment is noted. The draft Conduct Standard was developed in the fashion required in law. In addition, in developing the Conduct Standard, the FSCA followed an enhanced consultation process to take into account the specific nuances of the local market. As part of drafting the Conduct Standard, the FSCA held focused industry engagements to highlight to the industry the elements to be covered in the draft Conduct Standard and to solicit inputs from participants. The FSCA furthermore

No.	Commentator	Section of the Conduct Standard	Comment	FSCA response
			context. Due to differing regulatory regimes, trading and settlement processes, legal systems, financial market structures, economic conditions and cultural contexts, these discrepancies can lead to inconsistencies and misunderstandings, potentially undermining the effectiveness and applicability of the regulations. These risks stem from the unique characteristics of the SA market, including current regulations, the SRO model, trading practices, settlement processes, trade and settlement guarantees, the capital adequacy model, risk management, and the mandatory use of specific system e.g. the JSE's BDA system. Although the draft Conduct Standard for market infrastructures aims to address the consequences of market fragmentation due to increased competition and the issuance of new exchange and FMI licenses, the SAIS concurs with the FSCA on the importance of preventing disruptions to the orderly functioning of financial markets and mitigating any associated risks. The SAIS supports the FSCA's efforts to tackle policy-related issues and define the specific circumstances under which exchanges and FMIs should interoperate. We agree that this is crucial for ensuring that SA financial markets remain relevant and internationally competitive,	consulted various sources including reports and reference materials of international standard setting bodies such as IOSCO, FSB and the like. The FSCA confirms that particular care has been taken to ensure that the provisions of the draft Conduct Standard take into account the existing regulatory and supervisory frameworks in South Africa. The comment does not disclose the exact definitions that are inconsistent with the local market dynamics and legal framework so we are unable to respond in detail to any proposed change . The FSCA further confirms that this draft Conduct Standard substantially differs from the initial draft Conduct Standard for Exchanges – in order to create a rationalised framework applicable to all market infrastructures in scope not just exchanges. In the FSCA's 2021 – 2025 Regulatory Strategy, the organisation has indicated that one of the FSCA's strategic guiding principles is to be comprehensive and consistent – unless the context of the regulatory framework so demands, a silo approach to types of market infrastructures is not preferred. There has been identified cases where cooperation agreements are required between multiple market infrastructures that share common issuers, securities or members which necessitated the expansion of the scope. The FSCA welcomes any comment on observed inconsistencies following the implementation of the draft Conduct Standard. The Standard is agnostic to the currently licensed infrastructures – and is thus not creating special

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			maintaining a sound, fair, efficient, and transparent equity market. However, there appears to be some scope creep, creating confusion due to the overlap across all FMIs without explicit appreciation of the very different functions of each Market Infrastructure. The expanded codes have introduced uncertainty and seem to have strayed from the initial focus on resolving issues specifically experienced between the JSE and A2X, where common Authorised Users trade common listed securities within the Cash Equity Market. It is therefore imperative for the FSCA to distinctly clarify whether this draft Conduct Standard is intended for specific asset classes, such as cash equities traded only on JSE and A2X, or if it is meant to apply to all different local Exchanges and FMI within the Republic, irrespective of the asset classes traded, cleared and settled. **Overly Broad or Narrow Definitions in Financial Market Regulations** 1. **Regulatory Arbitrage and Loopholes**: • **Conflict with Existing Laws:** Definitions from other countries may conflict with existing South African laws and regulations, leading to legal ambiguities and challenges.	obligations for the exchanges in operation. The scope of the Standard covers all licenced market infrastructures within the Republic. Please note the application section that confirms that the Conduct standard applies to market infrastructures licensed under the FMA. Further to that, structurally the Conduct standard is split out between general requirements and then with chapters on requirements for various types of market infrastructures. The reason for the uncertainty on application is therefore unclear. The Conduct Standard does not distinguish between asset classes please see the application section in this regard. It is therefor meant to apply to market infrastructures licensed under the FMA. .

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			• **Regulatory Discrepancies**: Imported definitions may not align with South African regulatory requirements, causing discrepancies that could result in enforcement difficulties and legal disputes. 2. **Economic Misalignment**: • **Inapplicability to Local Market**: Definitions that work well in the context of another country's financial market might not be suitable for the South African market, leading to misapplication and inefficiencies. • **Sector-Specific Differences**: Variations in financial instruments, market participants, and infrastructure in South Africa might render such definitions ineffective or irrelevant. 3. **Operational Confusion**: • **Misinterpretation**: Definitions that are clear in one country may be misunderstood in another due to differences in financial market terminology and practices. • **Implementation Challenges**: Adopting	The comment is noted. The main purpose for a definition in legislation is to assist with the interpretation of the requirements, therefore for purposes of interpreting the substantive requirements in the Conduct Standard the definitions in section 1 must be used. It explains the meaning of a term to ensure consistent application and interpretation. What should be considered is whether the definition appropriately captures the intent of substantive provisions and the applications. In the absence of clear and concise information on which definitions are not appropriate, confusing or conflicting we cannot respond to what is averred. No specific reference is made to a provision that is capable of having confusing or multiple meanings. In the absence of any concrete examples or references to the actual definitions of provisions that may lead to misapplication and inefficiencies, this comment cannot be responded to in detail.

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			foreign definitions without adaptation may create confusion among market participants and regulators, complicating the implementation and enforcement of the code of conduct. 4. **Risk Management Issues**: • **Inadequate Risk Coverage**: Imported definitions may not fully capture the specific risks and vulnerabilities present in SA FMIs, leaving gaps in risk management. • **Overly Broad or Narrow Definitions**: Definitions may be too broad or too narrow, either encompassing unnecessary elements or omitting critical aspects relevant to the South African context. 5. **Stakeholder Resistance**: • **Lack of Buy-In**: Market participants and other stakeholders may resist definitions perceived as externally imposed or not tailored to local conditions, undermining the code's acceptance and effectiveness. • **Credibility and Trust Issues**: Imported	The comment is noted. The comment is drafted in principle and no specific reference is made to which definitions or provisions may create confusion among market participants or the regulators which may result in complications in implementation. The comment is noted. The comment is drafted in principle and no specific details are supplied by the commentator on which definitions are not suitable, or may lead to gaps in risk coverage. In the absence of any details as to which definitions in the Conduct Standard are too broad, which are too narrow and what critical aspects have been omitted, this comment cannot be responded to meaningfully. . As explained above, the main purpose of definitions in a legislation is to assist with the interpretation of the requirements, and it sit therefore to be used for purposes of interpreting the substantive requirements in the Conduct Standard. It explains the meaning of a term to ensure consistent application and interpretation. The source documents and underlying research informing the definitions should not be of concern. What should be considered is whether the

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			definitions may lack credibility among local stakeholders if they are seen as not reflecting the realities of the South African financial market. 6. **Cultural and Contextual Differences**: • **Mismatch with Local Practices**: Definitions from other countries may not reflect local business practices, cultural norms, or regulatory traditions, leading to practical difficulties in application. • **Diverse Regulatory Environments**: Different regulatory environments and philosophies can lead to fundamental mismatches in the interpretation and application of imported definitions. 7. **Impact on Financial Stability**: • **Unintended Consequences**: Misaligned definitions can lead to unintended regulatory consequences, potentially increasing rather than mitigating financial instability. • **Systemic Risk**: Inappropriate definitions might fail to address systemic risks unique to	definition appropriately captures the intent of substantive provisions and the application. It is not clear why the market would be opposed to it in principle without understanding why it is not considered appropriate. The comment is noted. The comment is drafted in principle and no specific reference is made to a provision or definition that does not appropriately reflect local practices or that gives rise to the commentator's understanding of cultural and contextual inconsistencies. In the absence of any detail on which definitions are misaligned and to what, we cannot respond meaningfully to this comment.

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			the South African financial market, undermining efforts to ensure financial stability. 8. **Compliance and Enforcement**: • **Difficulty in Monitoring**: Definitions that do not align with local market conditions can complicate monitoring and enforcement, making it difficult for regulators to ensure compliance. • **Legal Challenges**: Vague or inappropriate definitions can lead to legal challenges, with firms disputing regulatory actions based on definitions that do not clearly apply to the local context.	The comment is noted. The comment is drafted in principle and no specific reference is made toa any specific definition or a provision that is expected to give rise to compliance and enforcement challenges.
			To mitigate these risks, it is crucial to customise definitions to fit the SA context. This involves thorough analysis, stakeholder consultation and careful adaptation to ensure that the definitions are relevant, clear, and effective within the local regulatory and market environment. Regulators must carefully balance the scope and precision of definitions, drawing from extensive stakeholder consultation, impact assessments, and international best practices. Clear, well-defined terms aligned with regulatory objectives are crucial for	The comment is noted. The FSCA strives to ensure that the draft Standard is fit for the purpose for which it has been drafted and the context in which it will apply and that is market fragmentation and competition. This comment is however very theoretical and generalized in nature without any concrete reference to any specific definition or substantive requirements in the Conduct Standard that may be problematic or how it can be improved. Any more detailed and concrete comments or examples will be welcomed, as it is difficult to understand where the actual problem lies for the commentator, or which definitions need to change.

No.	Commentator	Section of the Conduct Standard	Comment	FSCA response
			effective and efficient financial market regulation.	
2.	SAIS	**"best execution"** means the execution of orders on behalf of clients in a manner to secure the best possible result for their clients, taking into account factors such as price, costs, speed, likelihood of execution and settlement, size and nature of the order or any other consideration relevant to the execution of the order;	**Enhanced Definition of Best Execution** **"best execution"** refers to the obligation of Authorised Users, Investment Firms, or Financial Service Providers (executing parties) to execute orders on behalf of their clients/investors in a manner that secures the best possible result. This involves considering a comprehensive set of factors, including the ability to execute and complete the orders effectively. These factors should include price, costs, speed, likelihood of execution and settlement, size and nature of the order, potential risks and any other considerations relevant to the execution and settlement of the order. Although this definition of best execution aligns with international regulatory regimes, we believe it is essential to incorporate additional aspects from international markets to ensure no ambiguity within the Conduct Standard Codes for FMIs. Therefore, we suggest broadening the scope, either in the definition or within the rules & directives, to include the following considerations to ensure transparency and fairness, leaving no ambiguity regarding who is ultimately responsible for ensuring best execution and what aspects are	The FSCA notes the proposals. The Conduct standard sets out various obligations in relation to best execution throughout, in a principled manner, as the FSCA is of the view that strict and detailed rules will not be appropriate requirements for best execution, and a broad description of the obligation and the factors to be considered, are already captured in the definition. The definition aligns to international standards and would be most appropriate given the subjective nature of best execution. Accordingly the FSCA has drafted the provision so as not to be prescriptive. For purposes of this draft Conduct Standard, the requirements for best execution relate to the mechanisms that must be created by exchanges with common authorised users and common listed securities to enable best execution. The obligation is placed on the exchange to enable best execution, not the authorised user. Exchanges are to implement the requirements to facilitate best execution. The FSCA is of the view that it is appropriate to incorporate the requirements in this draft Conduct Standard as the requirements in the draft are intended to comprehensively deal with conduct matters instead of fragmenting the conduct requirements without clear justification or need. The proposals to supplement the requirement relating to 'best execution' have been noted. The FSCA's view is that the proposals are best issued through guidance that may be issued by the FSCA when the need arises.

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			utilised in creating a policy defining the firm's strategy for best execution: 1. **Responsibility and Transparency**: • The principle of best execution mandates that Authorised Users (AUs), Investment Firms (IFs), Accountable Institutions (AIs) and Financial Services Providers (FSPs) transparently disclose to their clients how their orders will be executed. This should include ensuring that commissions or fees are not structured in a way that discriminates unfairly between execution venues. • All AUs, IFs, and FSPs must have a policy that defines their strategy for best execution, taking into account at a minimum the definition as per definitions. • To ensure transparency, the executing member must make their best execution policy publicly available to their clients. • An executing participant may also need to take into account whether they	See response above at the beginning of this comment

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			are trading in an agency or principal capacity and how this might affect best execution. • It is imperative for executing members to follow clients' instructions, even if this limits the firm's ability to optimise other aspects of the order execution that may conflict with the executing member's policy. 2. **Comprehensive Set of Factors**: • Best execution refers to the obligation of AUs, IFs, AIs, or FSPs (executing party) to execute orders on behalf of their clients in a manner that secures the best possible result on the clients behalf. This includes considering a comprehensive set of factors such as price, costs, speed, likelihood of execution and settlement, size and nature of the order, potential risks, and any other relevant consideration - (according to the definition) 3. **Total Consideration**: • To meet best execution requirements, firms must	

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			assess the total consideration of the order being executed and the settlement thereof. This involves both the price of the financial instrument and all related costs, such as fees paid to execution venues, clearing and settlement fees. • The characteristics of the client—whether **retail or professional**—must be taken into account. 4. **Specifics of the Order and Execution Venues**: • The specifics of the client order, the financial instruments involved and the execution venues are crucial factors in determining the best execution strategy. 5. **Monitoring and Review Processes**: • Firms are required to implement rigorous monitoring and review processes. They must follow a comprehensive execution policy and regularly review and adjust it to continuously meet the best execution criteria. This involves ensuring transparency and consistency in their execution practices and	

No.	Commentator	Section of the Conduct Standard	Comment	FSCA response
			making necessary adjustments to improve outcomes. 6. **Scope and Rigorous Requirements**: • As there are many unanswered questions regarding the scope of best execution, it is imperative that the FSCA clearly defines this scope. This scope should be included into the policy. • All parties must understand the scope to ensure transparency and effective monitoring of execution policies and outcomes across different categories of clients and markets to achieve the best possible results for their clients. By incorporating these principles, firms fulfill their obligation to take all sufficient steps to deliver the best possible outcome for their clients, balancing the various considerations involved in the execution of orders. This comprehensive approach aligns with international best practices and ensures that clients receive fair and efficient service tailored to their specific needs and instructions. **General Comment - Scope of Best Execution:**	The scope of best execution is wide and by definition means that the execution of orders on behalf of clients must be done in a manner to secure the best possible result for their clients, taking into consideration the factors set out in the definition (which is not an exhaustive list). The comment around the scope of best execution not being clear is therefore not understood. Best execution is not the responsibility of exchanges. The FSCA acknowledges that an exchange cannot, by design, guarantee best execution outcomes for individual clients. The Conduct Standard does not aim to shift the duty of best execution to exchanges. The FSCA recognises that exchanges provide the infrastructure on which trades are conducted and should therefore enable or facilitate best execution. As

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			It is imperative to understand that the definition of best execution is the ultimate responsibility of the Authorised Users (AUs), Investment Firms (IFs), Accountable Institutions (AIs), Financial Service Providers (FSPs) and any other executing parties and Not that of an Exchange or any other FMI. The SAIS questions whether the definition of best execution is well-suited for inclusion in the Conduct Standard for FMIs, as Exchanges can only create rules and conditions within a transparent and safe environment that is conducive to assisting Executing members to achieve best execution within the trading and settlement eco system. The ultimate responsibility does not lie with the Exchanges. Instead, it rests squarely with the executing firms, which must ensure they meet their best execution obligations on behalf of their clients to achieve the best possible outcome. The SAIS believes that what the FSCA may be trying to achieve by including best execution in this draft Conduct Standard for FMIs is intended to guide Exchanges in assisting Executing Firms in achieving their best execution strategies and outcomes. These outcomes will ultimately need to be measured by the	such, the obligations in the Conduct Standard that rest on exchanges are in line with the facilitative role exchanges play and importantly - are intended to enhance integrity and efficiency requirements relating to exchanges in their role in facilitating best execution for the brokers (their members). The exchange should provide an environment to enable best execution for its members. In light of the above, the FSCA acknowledges that the ultimate responsibility does not lie with an exchange. The application section of the Conduct Standard provides that the Conduct Standard applies to market infrastructures. As such, the obligations contained therein are not intended to apply to stakeholders out of scope of the draft Conduct Standard. However, the FSCA notes the comments in relation to authorised users, investment firms, accountable institutions and financial services providers. The requirements are placed on market infrastructures not market participants Exchanges must provide transparent, non-discriminatory rules and data; but they are not accountable for whether a client's order achieves best execution. The responsibility on exchanges is to enable mechanisms to ensure that common authorised uses achieve best execution for their clients. It does not

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			clients according to the AU, IF, AI, and FSP best execution strategy policies. However, the definition of Best Execution must be clearly defined, and it may be better suited in other legislation. **<u>Broader Industry Perspectives:</u>** This commentary paper reflects broader industry perspectives and therefore, the SAIS will share diverse views across the different business models of Authorised Users who transact with various different categories of clients. **<u>Retail/Wealth Stockbrokers:</u>** Execution participants believe that retail clients are discriminated against as they are precluded from trading on A2X, resulting in a barrier to entry that creates an unfair and uneven playing field. While this may not be a significant issue currently, as turnover grows on the "Secondary Exchange", the impact on retail customers will become increasingly negative. Executing retail participants, therefore, question the viability of the best execution definition and as they would assume that best execution will only partially affect them. Retail Authorised Users would also like to confirm whether investment firms, other accountable institutions and FSPs will be held to the same "best	place so-called 'ultimate responsibility for best execution on exchanges'. Please see section 11(21) to (24) of the draft Conduct Standard. It is not forthcoming from the comment why the definition is not clear or in which other legislation it would be more suitable. The definition in question is necessary to explain the interpretation of this Conduct Standard and the requirements proposed therein. The FSCA is of the view that brokers/authorised users are required to consider only those execution venues to which they have lawful and practical access for a given category of client; and best execution does not require the brokers to assess or access venues that are structurally unavailable to them or to their clients. We do understand the need for the clarity as - retail clients are not permitted to trade on certain licensed exchanges (e.g. A2X); and brokers are therefore unable to route or compare orders across all exchanges trading common listed securities.

No.	Commentator	Section of the Conduct Standard	Comment	FSCA response
			execution" standard/regulation as retail authorised users. Retail stockbrokers seek clarity on how the FSCA views best execution, particularly given that a segment of the market is not currently entitled to trade on A2X. They question how wealth/retail stockbrokers are expected to achieve best execution on behalf of all their clients under these circumstances, which is somewhat perplexing. Concerns have been raised about whether this situation creates a barrier to entry for some executing members and whether it aligns with the FSCA's strategy for inclusiveness. Retail brokers would like to understand how this can be construed as fair or feasible if the regulator is only expecting best execution from a certain segment of the market, i.e., the wholesale market. It is imperative for the FSCA to define and scope what best execution means for those executing participants who are not able to transact on A2X an equivalent exchange. The FSCA needs to clarify how far best execution extends: - across different jurisdictions, different markets, different asset classes, different categories of clients, different products and different participants. **General Questions:**	The comments are noted. However, the queries raised here go beyond the scope of the requirements to be prescribed in the Conduct Standard.

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			A further question raised by some brokers concerns the extent of the FSCA's expectations for best execution. Specifically, brokers seek clarification on whether best execution is intended to cover only the South African markets or if, once defined within legislation, is it expected that all brokers must ensure they consider not only local trading across common authorised users and exchanges in the South African market who trade common listed equities, but also extend best execution to offshore markets where common listed equities are traded. This would be problematic as it would exclude a large portion of members who do not have direct access to trading in offshore markets. Additionally, this may be somewhat contradictory to the intended meaning and outcome of best execution if we define it only across South African exchanges with common authorised users who transact in common listed securities on these exchanges. It is imperative that we receive clarity regarding these principles and scope to ensure consistent and fair treatment and implementation across the industry. Clear guidance is essential to avoid misinterpretation and to fully understand the extent of best execution as defined within these codes and legislation. This will help us	Please see response on comment 2 above. The application section of the Conduct Standard provides that the Conduct Standard applies to market infrastructures. As such, the obligations contained therein are not intended to apply to other stakeholders or market participants out of scope of the draft Conduct Standard. The requirements apply to licences market infrastructures and per the context set out in the substantive requirements in the Conduct Standard. In addition, please see the scope of the Conduct Standard. The Conduct Standard cannot and does not place direct obligations on brokers/authorised users.

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			comprehend the potential impact and avoid any unintended consequences.	
3.	JSE	1. Definitions "co-operative arrangement"	We recognise that a 'co-operative arrangement' is only applicable to licenced exchanges and it is intended to be a written agreement. However, we fail to understand the difference between a 'co-operative arrangement' and a 'co-operation and inter-operation agreement', an undefined term provided for in section 14 of the draft Conduct Standard. In any event the term "co-operative arrangement" is not used elsewhere in the draft Conduct Standard. We therefore recommend that the definition is deleted.	The use of the term "co-operative arrangement" was an editorial mistake. The substantive provisions in section 14 have been refined and the definition has been deleted as it is no longer required.
4.	SAIS	**"co-operative arrangement"** means an arrangement between exchanges within the Republic that describes the intentions of the exchanges to co-operate with each other in the performance of their functions under the Act and to address the matters as contained in this Conduct Standard;	Questions regarding cooperative arrangements need to be addressed to ensure clarity and eliminate any ambiguity. Specifically, it is important to determine whether the cooperative arrangement is intended to be a legal and binding document that will be made public to the industry, or if it is merely a letter of intention in which the exchanges agree to work together in the best interest of the market. Additionally, we need to understand whether this cooperative arrangement will include specific timelines and outcomes, or if it can exist without defined time frames and definitive outcomes, functioning simply as an agreement to collaborate. It is crucial	Section 14 deals with co-operation. As with any legal agreement it would be binding between the parties. The substantive provisions in section 14 have been refined and the definition has been deleted as it is no longer required. Please see details in section 14(3) setting out the minimum requirements that must be dealt with in these types of agreements. The legal force and effect of the section is that market infrastructures that have admitted any common issuers; common listed securities; common authorised users and/or common participants must comply with the requirements from the time that the section comes into effect. In addition, these agreements are intended to be a formal, written and binding agreement between licensed market infrastructures. It is not envisaged as a

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			to recognise that, while intentions to work together may be sincere, without clear timelines and outcomes, there is a risk that these intentions may not result in meaningful achievements that will be in the best interest of the market.	non-binding letter of intent or a purely aspirational statement of cooperation. The purpose of these agreements are to provide a clear governance and accountability framework through which exchanges co-operate in fulfilling their respective obligations under the Financial Markets Act and the Conduct Standard, particularly where common listed securities or common authorised users are involved. Section 17 of the draft Conduct Standard provides that the standard comes into effect 18 months after the date of publication. Therefore, once the Conduct Standard comes into effect, regulated entities must be in compliance with the co-operation requirements by the end of that 18 month period.
5.	BASA	Chapter 1, Definition of "common authorised user"	The definition is not clear whether common authorised users also include those authorised users admitted by external exchanges.	The relevant provisions of the draft Conduct Standard that are aimed at common authorised users are to be complied with by the exchanges (As defined in the FMA). The relevant provisions are not aimed at external exchanges. An external exchange may authorise a South African authorised user that is also authorised by an exchange in South Africa. However, the application of the relevant provisions is severed by the fact that one of the exchanges that has authorised the authorised user is out of the regulatory ambit of the relevant provisions of the draft Conduct Standard.
6.	Nedbank	Chapter 1, Definition of "common authorised user"	The definition is not clear whether common authorised users also include those authorised users admitted by external exchanges.	See response directly above. The definition applies only to authorised users authorised by exchanges licensed in the Republic.
7.	SAIS	**"common authorised user"** means an authorised user that has been admitted as an authorised	"**common authorised user**" means an authorised user as **defined in the FMA** that has been admitted as an authorised user by **more than one "South African" exchange where common listed securities** are	Drafting proposals not accepted. See the preamble to the definitions section in Section 1 of the Standard that provides as follows: *"the Act" means the Financial Markets Act, 2012 (Act No. 19 of 2012), and any word or expression to which*

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		user by more than one exchange in terms of the rules of the respective exchanges;	trade/executed in terms of the rules of the respective exchanges; (FMA "authorised user" -means a person authorised by a licensed exchange to perform one or more securities services in terms of the exchange rules, and includes an external authorised user, where appropriate;)	*a meaning has been assigned in the Act bears the meaning so assigned to it, and unless the context otherwise indicates-…"* This is common and accepted legislative drafting practice and as such, reference to the FMA as suggested is not necessary.
8.	BASA	Chapter 1, Definition of "common listed securities"	The definition is not clear whether common listed securities also include those listed by external exchanges (i.e. NSX)	The definition captures only those securities that are listed on more than one exchange that is licensed in the Republic. Please see revised definition in the conduct standard.
9.	JSE	1. Definitions "common listed securities"	With reference to our general comment 2 regarding imprecise definitions, and the need to clarify that the draft Conduct Standard does not apply to or reference external exchanges, we recommend that the definition for "common listed securities" is amended as follows: "common listed securities" means securities that are listed and traded on more than one <u>licensed</u> exchange;"	Suggestion accepted. Please see revised definition in the conduct standard.
10.	Nedbank	Chapter 1, Definition of "common listed securities"	The definition is not clear whether common listed securities also include those listed by external exchanges (i.e. NSX)	Please see response to comment 8.
11.	SAIS	"**common listed securities**" means securities that are listed and traded on	"**common listed securities**" means securities that are listed and traded on more than one exchange **<u>within SA</u>?** Clarity is needed to understand whether this definition is intended to	Please see response to comment 8.

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		more than one exchange;	extend to foreign markets where common listed securities are traded internationally, or if it applies only to exchanges within the Republic. The expanded codes seem to have strayed from the initial focus on resolving issues specifically experienced between the JSE and A2X, where common authorised users trade common listed securities within the cash equity market. It is imperative for the FSCA to distinctly clarify whether this draft Conduct Standard is intended for specific asset classes, such as cash equities traded only on JSE and A2X, or if it is meant to apply to all different local markets within the Republic irrespective of the asset classes traded. Definitions that are too broad or too narrow, either encompass unnecessary elements or omit critical aspects relevant within the SA context. The SAIS and its members highlight the potential consequences and dangers of such an approach, emphasising the importance of well-defined, distinctive and customised definitions to fit the SA context.	The FSCA further confirms that this draft Conduct Standard substantially differs from the initial draft Conduct Standard for Exchanges – in order to create a rationalised framework applicable to all market infrastructures in scope. The reference to common listed securities applies to all securities listed on exchanges licensed in the Republic. The Conduct Standard does not distinguish between asset classes, Please see the application section. It is therefor meant to apply to market infrastructures licensed under the FMA. The comment is noted.
12.	JSE	1. Definitions **"default"**	➢ The term "default" is too narrowly defined and refers specifically to the default of an authorised user. The term default is used elsewhere in the draft Conduct Standard in a broader context, including	The FSCA will remove the definition for default to avoid confusion. The term will be interpreted in terms of its ordinary grammatical meaning. Agreed. The reference to section 8 will be updated to section 10.

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			reference to the default of clients or the default of clearing members. ➢ In addition, the definition erroneously refers to section 8. The provisions of section 8 (Requirements for central securities depositories) have no bearing on, relevance or influence over an insolvency proceeding against an authorised user or an exchange's declaration of an act of default. ➢ It is our view that it is unnecessary to define the term 'default', as its ordinary meaning in the context of the provisions in the draft Conduct Standard would apply. Consequently, to avoid unnecessary confusion and misinterpretation, we recommend that this definition be deleted. ➢ We note, as well, that no provision is made in the draft Conduct Standard for the default or failure of a central securities depository participant (or "participant" as defined in the FMA), and in particular the default or failure of a "common participant".	
13.	SAIS	"**default**" means a situation when an authorised user is unable to timeously meet its commitments to *another authorised user, the exchange, the clearing house,*	Once again, the SAIS would like to reiterate and highlight the potential consequences and dangers of definitions that are too broad or too narrow. Such definitions may either encompass unnecessary elements or omit critical aspects relevant within the SA context and create confusion an ambiguity . It is imperative for the	Please see response to comment 12.

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		central counterparty or a central securities depository, arising out of a transaction or a central securities depository instruction ***and, for purposes of section 8, an authorised user is also regarded to be in default if -*** a) an insolvency proceeding has commenced against the authorised user; or b) the exchange, in its sole discretion, declares that an act of default has occurred; *NOTE : - Section * Requirements for Central Securities Depositories and Central Counterparties*	FSCA to distinctly clarify whether this draft Conduct Standard are intended for specific asset classes, such as cash equities traded only on JSE and A2X, or if it is meant to apply across all different local markets within the Republic irrespective of the asset classes traded. Well-defined, distinctive, and customised definitions are crucial to fit the SA context and avoid these issues. It is essential to standardise Definitions across Exchanges and FMI's rules and regulations, ensuring that they all align with relevant legislation. The SAIS therefore would like to highlight : - **"Default"** generally refers to the failure to fulfill a financial obligation or the failure to perform a duty or meet an obligation. **Therefore, Points for Consideration and Clarification:** 1. **Scope of the Codes**: • We need to identify whether these Codes apply across different markets or only to SA Authorised Users who have membership across exchanges where common listed securities are	The Conduct Standard does not distinguish between asset classes. Please see the application section. It is therefor meant to apply to market infrastructures licensed under the FMA.

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			executed and across which asset classes. 2. **Variability in Asset Classes**: • Each asset class has different settlement rules and processes, leading to different definitions and procedures for managing defaults. It is crucial to ensure that definitions across legislation and codes are consistent to avoid any misinterpretation or confusion. 3. **Ambiguity in the Draft Definition**: • The current draft definition seems somewhat ambiguous and confusing as it attempts to cut across different asset classes, exchanges, settlement and clearing processes. It is important to clarify these points to provide a clear and precise definition. 4. **Specific Considerations for Equities**: • An authorised user is not necessarily in default when it does	

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			not meet its "settlement" commitments timeously, as there are processes in place to manage the steps when a broker is unable to meet certain commitments. These are defined in the Exchange Rules & Directives. • The "commitments" referred to need to be defined and need to be clearly expanded on, such as capital adequacy commitments, settlement commitments, sweeps etc. • As a general rule, authorised users do not have commitments to another authorised user when trading or settling in the cash equities market, due to enonimous trading and the netting settlement process. Authorised Users have direct commitments to their clients and the JSE/A2X for on-	

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			market transactions and report-only transactions. • Authorised Users do not have commitments directly with another authorised user, the clearing house (Equities) , central counterparty (Equities) or a central securities depository (Equities), arising out of a transaction or a central securities depository instructions with regards to executing and settlement transactions • Authorised Users would only potentially have direct commitments outside of trading as per JSE Rules • Different types of transactions in equities involve different commitments (presumably settlement commitment obligations). 5. **Processes and Procedures**:	

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			• All authorised users' instructions for trading and settlement for equities are received via the exchanges and not directly from the clearing house, central counterparty, or central securities depository, arising out of a transaction or instruction from a central securities depository. • It is imperative to note that, as per Exchange Rules, authorised users can only trade through the exchange as defined in the rules. All trading and settlement instructions must go through the exchange where the trades are executed, as the exchange is responsible for monitoring and managing risk. • Exchanges would be solely responsible for managing authorised users should the go into default and not any clearing house, central counterparty,	

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			or central securities depository,. 6. **Differences in Other Markets**: • The derivatives and bond ETP markets operate differently. Currently, there are not multiple derivatives and bond markets with common authorised users trading common securities. Therefore, it is unclear why these codes would need to address these markets at this time if at all. • Both A2X and JSE have clear definitions and procedures for handling defaults, including the declaration of default, suspension or termination of trading rights, utilisation of guarantee or default funds and the recovery of losses incurred due to the default. These measures ensure the stability and integrity of the financial markets. **Specific Rules and Procedures:**	

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			• **JSE Equities Rules**:
			  • **Default Management**: Includes provisions for handling defaults by members, such as suspension from trading and termination and closing out of all transactions and positions of the defaulting member.
			  • **Recovery of Losses**: The JSE is entitled to recover any losses or costs incurred due to actions taken under the default rules.
			• **JSE Clear Rules**: (Derivatives)
			  • **Default Definition**: Default by a client, an exchange member, or a clearing member as contemplated in Section 10.
			  • **Default Fund**: The JSE Clear Default Fund is established for the custody and administration of collateral to be applied in the event of a default of a clearing member.
			  • **Default Margin**: Margin paid as	

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			collateral by clearing members to the Default Fund for the due performance of clearing members' obligations.
			• **A2X Default Definitions**:
			  • **Act of Default**: An act of default occurs when:
			  • A member fails to meet a commitment arising out of a transaction in equity securities on A2X.
			  • A member is placed under curatorship, judicial management, provisional or final liquidation, business rescue proceedings, or any other form of insolvency administration.
			
			While the concept of "default" is universally understood as a failure to	

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			meet obligations, the specific definitions and implications can vary significantly across different legislative acts and the rules governing SA financial markets and exchanges. Clear, consistent definitions and procedures are essential to avoid confusion and ensure effective management of defaults across different markets and asset classes.	
14.	➢ JSE	➢ 1. Definitions "failed trade"	➢ The definition of a 'failed trade' is typically defined in the rules of an exchange, and may differ from exchange to exchange, depending on the type of securities (equities, bonds, or derivatives) traded and the specific arrangements the exchange has made for the 'clearing and settlement of transactions in listed securities effected through the exchange' as required in terms of the FMA. Exchanges may and do have different mechanisms and procedures for the management of failed trades, including the scope and nature of the provision of a settlement guarantee. In the absence of a requirement for competing exchanges to align settlement procedures (e.g., settlement cycle) and a requirement for competing exchanges to provide the same or similar settlement assurance, it is entirely possible that the definition of a failed trade on one exchange	The FSCA agrees that the last sentence of the definition in the draft that reads—"Such a transaction may be retained and may settle thereafter"—may be ambiguous. To avoid confusion and to provide regulatory certainty, the FSCA agrees with the recommendation to remove this sentence from the definition. . The recommendation therefore is accepted.

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			may differ from the definition on another exchange. ➢ In addition, while we recognise that a general definition is required to cater for the settlement failure of trades executed by common authorised users, as set out in section 11(12) of the draft Conduct Standard, the last sentence in the definition: 'Such a transaction may be retained and may settle thereafter', is problematic. It is unclear what 'retained' means and which party would 'retain' the transaction. Consequently, as a minimum, we recommend that the last sentence in the proposed 'failed trade' definition be deleted.	
15.	SAIS	**"failed trade"** means a transaction in securities which neither the client, authorised user, the exchange, the clearing house or central counterparty is able to ensure that such transaction will settle on the settlement date. Such a transaction may be retained and may settle thereafter;	A2X: - "**failed trade"** : - A transaction in **equity securities** declared to be a failed trade by the settlement committee. JSE:- **"failed trade"** means a transaction in **equity securities** which the Settlement Authority deems to be a failed trade on the basis that neither the client, the member nor the Settlement Authority is able to ensure that such transaction will settle on the settlement date or any revised settlement date; It is essential that we standardise definitions across the different rules, directives and legislation to ensure consistency and eliminate any opportunity for misinterpretation. Specifically, it is important that the definition clarifies that we are referring	The Conduct Standard does not propose to create singular definitions for individual exchanges. The purpose of defining a term in legislation is to support the interpretation of the substantive requirements in that particular piece of legislation. Accordingly, the definition provided for a failed trade must be read in the context in which the term is used in this Conduct Standard. Therefore, where an exchange declares a trade (1) that is affecting common authorised users and (2) common listed securities – the exchange must fulfil the requirements of section 12(12) of the Conduct Standard regarding the prescribed sharing of information. The Standard does not purport to impose a requirement to standardise definitions across exchanges – as the FSCA recognises that exchanges have different systems and processes. As such, it is the responsibility of individual exchanges to ensure that

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			to equities transactions as per the exchange rule books . Due to guaranteed and contractual settlement of equity transactions, a trade that has failed cannot be retained and settled thereafter. Trades that do not settle contractually on time may be kept and rolled under the exchange rules and directives. However, trades that fail go through a Failed Trade process as defined in the rule books and compensation is paid to the aggrieved parties. Therefore, a failed trade cannot be retained and settled. It is imperative that this concepts are not confused and misinterpreted.	their rules and directives empower them to comply with the requirements of the Standard. In addition, please see response to comment 14 wherein FSCA confirms deletion of this phrase from the definition: "Such a transaction may be retained and may settle thereafter."
16.	BASA	Chapter 1, definitions "High-frequency algorithmic trading" ("HFAT")	– ➢ We request clarification if HFAT is all three combined (a), (b) and (c) or if it is any one of (a), (b) and (c)?	Please see the 'and' between subsection (b) and (c) of the definition. This means it is inclusive and all 3 elements must be present to meet the definition.
17.	JSE	1. Definitions "inter-central counterparty link"	With reference to our general comment 2, we submit that the definition of "inter-central counterparty link" is superfluous, as it falls within the definitions of 'link' or 'peer-to-peer link'. The obvious and only reason a CCP would enter into a link with another CCP is to provide cross-margining and collateral support to common clearing members and their clients. This can be achieved through a 'peer-to-peer link'.	The recommendation is accepted. The definition of "inter-central counterparty link" has been removed.

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			The term “inter-central counterparty link” is only used once in the draft Conduct Standard, and in that one instance can be replaced with the all-encompassing term “link”.	
18.	SAIS	**“inter-central counterparty link”** means an arrangement between two or more central counterparties that enter into a cross-margining arrangement to consider positions and support collateral;	*An inter-central counterparty link is defined as an arrangement between two or more central counterparties (CCPs) that enter into a cross-margining arrangement. This type of link allows the CCPs to manage and mitigate risks associated with their interconnected transactions by sharing margin requirements and other risk management resources* The confusion around this definition in these codes arises because there are no Central Counter Parties (CCP) in the Cash Equity Securities space currently in the SA financial markets. The statement supporting the draft Conduct Standards for market infrastructures originally aimed to address the consequences of market fragmentation resulting from introduction of competition and the granting new exchange and FMI licenses before specific frameworks were designed and implemented . However, the expanded codes have introduced uncertainty and seem to have strayed from the initial focus on resolving issues specifically experienced between the JSE and A2X, where common authorised users	Please note this definition has been removed. Comment around absence of currently licensed CCPs noted however, market developments suggest that this may change in future, and to this end, the development of this Conduct Standard will ensure that market infrastructures licensed in the future have a comprehensive and publicly disclosed regulatory framework with which to comply. The FSCA further confirms that this draft Conduct Standard substantially differs from the initial draft Conduct Standard for Exchanges – in order to create a rationalised framework applicable to all market infrastructures in scope. The initial purpose of the Conduct Standard for market infrastructures was to address issues arising from market fragmentation following the introduction of competition (e.g., the granting of new exchange licenses) and to provide guidance on interactions between common authorised users trading common listed securities. In the FSCA’s 2021 – 2025 Regulatory Strategy, the organisation has indicated that one of the FSCA’s strategic guiding principles is to be comprehensive and consistent – unless the context of the regulatory framework so demands, a silo approach to types of market infrastructures is not preferred. .

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			trade common listed securities within the Cash Equity Market. It is therefore imperative for the FSCA to distinctly clarify whether this draft Conduct Standard is intended for specific asset classes, such as cash equities traded only on JSE and A2X, or if it is meant to apply to all different local markets within South Africa irrespective of the asset classes traded, including clearing and settlement of different asset classes under FMIs. The SAIS believes it is crucial to define the definitions more clearly and explicitly elaborate on the context and asset classes to which they apply. This needs to be clearly articulated to avoid ambiguity. As the market evolves, FSCA should be mindful of and avoid writing general definitions that could be conflicting and cause confusion, leading to unintended consequences for new market frameworks, such as CCPs in Cash Equity Markets, which currently do not exist in SA. We must not confuse the structure of CCP across markets offshore and must clearly define this in the SA context, focusing on relevant SA markets that currently operate in the CCP space, such as derivatives. Clear and distinct definitions are essential to ensure that regulations are appropriate for the specific characteristics of the SA financial markets and do not inadvertently	The Conduct Standard does not distinguish between asset classes, Please see the application section. It is therefor meant to apply to market infrastructures licensed under the FMA. See response to this same comment by commentator in comment 1 above. The response applies to the same comment raised throughout this document.

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			create confusion or operational challenges	
19.	SAIFM	Section 1) Definitions – "interoperability	The definition in this section seems fairly limited, speaking only to the ability to "connect and communicate", whereas the expectations of interoperability throughout the rest of the draft Conduct Standard are far broader than this. Systems must also be able to clear and settle without input from the end user, for example. Use of certain phrases like "simultaneous" also implies that such interoperability needs to be real time. The expectations in terms of interoperability have significant operational and cost implications. As such, the definition in this section should be comprehensive and clear. Where such interoperability is referred to in subsequent sections, it should also be clear as to which party is expected to provide and pay for such enablement.	The definition is intended to provide/state the meaning of the term. The specific legal obligations for interoperation are delineated in the relevant sections of the Standard. There is no specific reference in the Conduct standard linking the requirements of interoperability with simultaneous / real-time exchange of information. The Standard allows affected parties to determine what funding structure is to be used to enable such interoperation, to account for the specific needs brought above by each arrangement. An definition has been revised to clarify the intended meaning to the use of the term.
20.	SAIS	"**interoperability**" means the ability of key systems, devices, applications or products to connect and communicate in a co-ordinated way, without effort from the end user;	Interoperability, at its core, is the ability of different systems, technologies, or software to communicate and operate cooperatively despite inherent differences. The SAIS concurs that many efficiencies can be gained through links between different kinds of market infrastructures, which can range from relatively simple agreements among the market infrastructures to more complex interoperability arrangements	The comments are noted. Please see response to comment 19.

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			involving technical interfaces between separate operating platforms. Establishing links between market infrastructures can lead to a more efficient, resilient, and integrated financial market, benefiting market participants, investors and the broader economy. It fosters competition, innovation and access to a wider range of investment opportunities, ultimately contributing to the stability and growth of the financial market. The SAIS acknowledges that increased cooperation and interoperability hold multiple benefits. The SAIS reiterates that defining a detailed framework for interoperability is imperative, as a broad and undefined approach can lead to ambiguity and confusion. This framework must explicitly outline specific permissions, protocols, and responsibilities to ensure clarity, compliance, and effective coordination among financial market infrastructures. The detailed framework should be defined and encompassed within the contractual and operational arrangements between exchanges and, where appropriate, other associated FMIs. These arrangements need to cover regulatory regimes and boundaries, protection of private data, conflict of interest, technical specifications, and commercial considerations. Since FMIs are for-profit entities with their	Please see response to comment 19.

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			own proprietary information (IP), these arrangements must first be mutually agreed upon, including specific liability arrangements such as a Memorandum of Understanding (MOU) in legal contractual agreements. **Concerns Regarding a Broad Definition of Interoperability:** **Ambiguity and Confusion:** Without a clearly defined framework, a broad definition of interoperability can lead to ambiguity and confusion among FMIs. Different entities might interpret interoperability requirements differently, leading to inconsistent practices and potential conflicts. This lack of clarity can result in inefficient operations, miscommunication and errors in transaction processing, ultimately undermining the very goal of interoperability. **Legal and Regulatory Uncertainty:** A vague definition can create uncertainty about compliance with legal and regulatory requirements. It is crucial to ensure that interoperability practices adhere to existing legislation, particularly concerning data privacy and the protection of sensitive information. Without explicit guidelines, FMIs might inadvertently share private information, risking legal breaches and compromising data security. **Operational Risks:**	Please see response to comment 19. Owing to the different needs that may arise for different licensed market infrastructure, it is inappropriate to impose a single 'one-size-fits-all framework for how market infrastructures will interoperate. A more appropriate approach is to enable affected market infrastructures to negotiate how they will interoperate in order to meet all the minimum requirements of the Conduct Standard. Please see response to comment 19. The Standard creates the kind of flexibility to allow affected market infrastructures to negotiate the terms of the interoperation agreement. The enables market infrastructures to collaboratively determine how they will meet the obligations of the Standard. The context in which market infrastructures must co-operate and interoperate also constrains the parties on which aspects of their duties/ functions must be subjected to an interoperation agreement. Please see response to comment 19 and response above.

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			The absence of a detailed framework can increase operational risks, including security vulnerabilities and systemic risks. Clear protocols are needed to manage these risks effectively. Ambiguous interoperability practices can lead to inconsistent data handling and processing standards, which can negatively impact the efficiency and reliability of financial transactions. Need for a Clear, Defined Framework: **Specific Permissions and Authorities:** A well-defined framework should clearly outline who can share what information across FMIs. For example, exchanges should share data only concerning common listed securities, clearing houses should exchange information related to shared clients and securities, and CSDs should coordinate on settlements involving common clients and securities. Defining these parameters will prevent unauthorised data sharing and ensure that all entities operate within their designated boundaries. **Standardised Protocols and Practices:** Establishing standardised communication and data exchange protocols will ensure seamless interaction between different FMIs. This standardization will help mitigate operational risks and enhance the	The section 14(3) specifies the minimum requirements that must be contained in a co-operation or inter-operation agreement as applicable. The Standard is not overly prescriptive in this respect. A balance must be struck between imposing obligations of general application and different systems and practices in the different market infrastructures. The Standard provides minimum requirements with which these types of agreements of affected market infrastructure must comply. This approach ensures that the obligations provide a level of detail that does not place market infrastructures in a strait jacket – that leave no discretion to factor in specific nuances of each entity or circumstance. The Standard does not divest negotiating parties from their duty to manage operational risk. Please see response directly above. In addition, section 14(2) of the Standard contains a proviso that " *"An agreement referred to in subsection (1) must -* *(a) enable fair and open access to their services, based on reasonable risk-related access requirements…"* Therefore, negotiating parties must ensure that the access is reasonable and risk-related.

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			efficiency of transaction processing. Clear guidelines will also facilitate the integration of new technologies and systems, promoting innovation while maintaining interoperability standards. **Governance and Oversight:** Implementing a governance structure to oversee the interoperability framework will ensure continuous monitoring and evaluation of practices. This oversight will help maintain alignment with evolving market needs and regulatory requirements. Regular updates to the framework will address emerging challenges and incorporate best practices, ensuring the sustainability and resilience of interoperability initiatives. By addressing these concerns and establishing a clear, defined framework, FMIs can achieve effective interoperability that enhances operational efficiency, ensures legal and regulatory compliance, and manages risks effectively. This structured approach will prevent ambiguity and confusion, providing a solid foundation for coordinated and secure interactions among financial market infrastructures.	Section 14(3)(b) provides that: *"An agreement required in terms of this section must make provision for at least the following:* *(b) clearly defined decision-making processes and responsibilities for interoperability initiatives"* The considerations suggested in the comment could be factored in by market infrastructures when negotiating the terms of the co-operation and interoperation agreement.
21.	JSE	1. Definitions "link"	With reference to our general comment 3, we recommend the inclusion of a new definition of the term "link", which is defined as "a set of contractual and operational	The recommendation is accepted.

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			arrangements between two or more market infrastructures, excluding an exchange, that connect the market infrastructures directly or through an intermediary".	
22.	SAIS	**"link"** means a set of contractual and operational arrangements between two or more market infrastructures that connect or provide access between the market infrastructures directly or through an intermediary;	The SAIS has no issue with this definition, as the full details of "linkage" would be encompassed within the contractual and operational arrangements between exchanges and where appropriate other associated FMIs. These arrangements would need to cover regulatory regimes and boundaries, conflict of interest, technical specifications, and commercial considerations. Since FMIs are for-profit entities with their own proprietary information (IP), these arrangements would must first be mutually agreed upon, including specific liability arrangements such as a Memorandum of Understanding (MOU) in legal contractual agreements.	The comment is noted.
23.	JSE	1. Definitions "market participant"	The definition of "market participant" introduces ambiguity and potential misinterpretation, as this term is not defined in the FMA and is also inconsistently used in the draft Conduct Standard. The term "participant" is defined in the FMA as 'a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both, in terms of the depository rules, and includes an external participant,	The term "market participant" for purposes of interpreting the Conduct Standard and the term 'participant' as defined in the FMA intentionally have different meanings. Where the term 'participant' is used, it has the meaning as defined in the FMA -i.e. a CSD participant (Please see the preamble to the definitions section that cross references the definitions in the FMA) Based on the fact that the definitions section indicates that the terms defined are to be read with reference to the definitions provided, unless the context indicates otherwise – the FSCA is of the view that the use of the term 'market participant' must be read in line with the definition provided for in section 1,

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			where appropriate', i.e. a CSD participant or CSDP. There are instances in the draft Conduct Standard where the term 'participant' is used to refer to a CSDP and in other instances it 'means market participant' as defined in the draft Conduct Standard. We also note the use of the undefined term 'common participant'.	and in line with the context in which it is used. The term 'participant' takes on the meaning as in the FMA. "common participant' is only used once and needn't be defined. It means a participant (as defined in the FMA) in more than one CSD. The definition is not intended to duplicate or override the definition for participant as used in the context of the FMA.
24.	SAIS	**"market participant"** means a financial institution as defined in the **Financial Sector Regulation Act,** authorised by a market infrastructure to perform certain securities services;	The SAIS could not find a definition of **"Market Participant"** in the Financial Sector Regulation Act under "definitions". Therefore, it is imperative to explicitly define or clarify the intended meaning to avoid any ambiguity and ensure clear understanding. FSRA- "**central counterparty**" means a clearing house that— (a) interposes itself between counterparties to transactions in securities, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the performance of open contracts; and (b) **becomes a counterparty to trades with market participants** through novation, an open offer system or through a legally binding agreement;";(e) by the substitution in subsection (1) for the definition of "clearing house directive" of the following definition:	The main purpose for a definition in legislation is to assist with the interpretation of the requirements, therefore for purposes of interpreting the substantive requirements in the Conduct Standard the definitions in section 1 must be used. It explains the meaning of a term to ensure consistent application and interpretation. What should be considered is whether the definition appropriately captures the intent of substantive provisions and the applications. Whether or not the term "market participant" is defined in the Financial Sector Regulation Act, or any other legislation other that the FMA is not of relevance. The term is defined in the Standard for purposes of aiding interpretation of provisions in this Standard that refer to a market participant. A reader is required to interpret the relevant provisions according to the definition provide herein. The definition is not found in the quoted legislation as it was not contemplated as being necessary for the context of the quoted pieces of legislation.

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			FMA - Schedule 1 - Insolvency Act, 1936 "**market participant**" means **an authorised user, a participant, a clearing member or a client** [~~**or a settling party**~~] as defined in section 1 of the [~~**Securities Services Act, 2004**~~] Financial Markets Act, 2012, or any other party to a transaction; However, once again , we cannot find this under the "definition section". Therefore, we reiterate the need for clear definitions under the definition sections, ensuring they are clearly defined and aligned across legislation, regulation and rules. This alignment is crucial to avoid ambiguity and ensure consistent understanding and application.	Please see comment above, Whether or not the term "market participant" is defined in the Financial Sector Regulation Act, or any other legislation other that the FMA is not of relevance to this Conduct Standard.
25.	JSE	1. Definitions "participant link"	We refer to the reasons in our general comment 4 as to why the definition of "participant link" should be deleted.	Agreed. See change in section 15(10) Apart from the definition section, the term 'participant link' is used in section 15(10) of the Standard – only in respect of central counterparties: "*Where central counterparties choose to establish a participant link, the participant central counterparty must provide margin to the host central counterparty and the participant central counterparty is required to hold additional financial resources to protect itself against the default of the host central counterparty."*
26.	SAIS	**"participant link"** means a link where a market infrastructure is a market participant in another market infrastructure and is	**"market infrastructure"** means each of the following— (a) a licensed central counterparty; (b) a licensed central securities depository; (c) a licensed clearing house; (d) a licensed exchange;	See response to comment 25 directly above.

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		subject to the host market infrastructure's rules;	(e) a licensed trade repository*;* "**market participant**" means **an authorised user, a participant, a clearing member or a client** [~~**or a settling party**~~] as defined in section 1 of the [~~**Securities Services Act, 2004**~~] Financial Markets Act, 2012, or any other party to a transaction; **"participant"** means a person authorised by a licensed central securities depository to perform custody and administration services or settlement services or both, in terms of the depository rules, and includes an external participant, where appropriate A **"host market infrastructure"** refers to the financial market infrastructure (FMI) within which another FMI operates as a participant. The host FMI is the primary or governing infrastructure that sets the rules, regulations, and operational guidelines that the participant FMI must follow while it operates within or interacts with the host FMI. The SAIS believes that this needs to be clarified as the current definition is somewhat ambiguous. Does this mean an FMI of the "same" type, such as:	

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			Host Exchange with Secondary Exchange or Host CSD with Secondary CSD How would this work across different FMIs, such as Exchange to CSD? It is imperative that the FSCA ensures that definitions leave nothing to interpretation to avoid confusion and ensure clarity. It is essential that the framework explicitly defines the relationships and interactions between different types of FMIs to prevent any ambiguity.	
27.	JSE	1. Definitions **"peer-to-peer link"**	We recommend that the definition of "peer-to-peer link" is amended to refer to our proposed definition of 'link' as follows: "peer-to-peer link" means **a link that provides for a** special arrangement between market infrastructures providing similar or the same services to the market and which is not subject to normal market participant rules; If our proposed definition of "link" is not included in the draft Conduct Standard, we recommend that it is made clear that a peer-to-peer link is not applicable to an exchange. We note, however, that depending on the nature of the special arrangement, the qualification that the arrangement is not subject to normal market participant rules may be in conflict with the provisions of the FMA, in respect of fair and non-discriminatory access requirements, viz "equitable criteria".	Agreed and suggestion accepted. Please also see response to comment 21 and the revised definition in the draft Conduct Standard.

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28.	SAIS	**"peer-to-peer link"** means a special arrangement between market infrastructures providing similar or the same services to the market and which is not subject to normal market participant rules;	The SAIS assumes that this **"special arrangement"** is a legally binding contractual agreement. Such a contract should clearly outline the roles, responsibilities and obligations of each participating FMI to ensure compliance with the host market infrastructure's rules and regulations. This arrangement must be meticulously detailed to prevent any ambiguity and ensure all parties have a mutual understanding of their duties and the scope of their interactions. Additionally, it must ensure there is no regulatory overreach or conflict of interest by FMI for market participants, clearly defining where regulation and authority lie. For the sake of market integrity and transparency, it is important to understand what rules these arrangements would fall under if they are not subject to normal market participant rules, the financial cost to market participants, and who has oversight and can comment on these rules. Clear guidelines and oversight mechanisms must be established to ensure that these special arrangements do not compromise the fairness, efficiency and transparency of the market. It is imperative that market participants clearly understand who their regulators are. No FMI should make amendments that affect a market participant it does not regulate in any way without the	The recommendation is accepted – the Standard will require peer-to-peer links to be included under the minimum requirements for co-operation and inter-operation agreements. The FSCA confirms that any "special arrangement" envisaged under the Conduct Standard would be required to be formalised through a legally binding contractual arrangement between the participating market infrastructures. Such arrangements must clearly set out the respective roles, responsibilities, rights, and obligations of each MI, including accountability for compliance with applicable laws, regulatory requirements, and the host market infrastructure's rules. The FSCA agrees that special arrangements may not result in regulatory overreach or create conflicts of interest. No MI may exercise regulatory authority over market participants that it is not licenced to (SRO model) or supervise. Regulatory responsibility remains vested in the relevant licensed exchange or MI and, ultimately, with the FSCA in terms of the Financial Markets Act. Any arrangement must therefore clearly delineate where regulatory authority lies and may not permit unilateral rule changes or enforcement actions affecting market participants outside an MI's jurisdiction. Where a special arrangement is not subject to certain normal market participant rules, this does not imply an absence of rules or oversight. Such arrangements must operate under the applicable provisions of the FMA, the licensing conditions and rules of the host market infrastructure, the contractual terms governing the arrangement; and the FSCA's supervisory oversight

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			explicit agreement of the host FMI and its members. This ensures that regulatory changes do not inadvertently infringe on the rights of market participants and their clients, taking into account their right to privacy. Maintaining such clarity and agreement is essential to uphold regulatory stability and protect the privacy and rights of all involved parties.	The FSCA agrees that the financial implications of special arrangements, including costs borne by market participants, must be transparent. Market infrastructures must ensure that any costs arising from such arrangements are disclosed and applied in a fair and non-discriminatory manner. The FSCA agrees that it is essential for market participants to clearly understand who their regulator is at all times. Accordingly, no FMI may implement amendments or arrangements that materially affect market participants it does not regulate. The comment is noted. The regulatory framework currently in place remains operative. The establishment of peer-to-peer links will not nullify infrastructure rules and directives. Licenses, permissions and authorisations granted prior to the effective date of the Conduct Standard will not be affected. The comment does not specify the rights that are at risk of being infringed by the introduced by peer-to-peer links. Therefore, the FSCA cannot respond to this comment in any more detail.
29.	A2X	**1- Definitions** "**price sensitive information**" means unpublished information that is specific or precise, which if it were made public, would have a material effect on the price of	Consistent with the comments made below, it is submitted that such information should be published real time and free of charge to ensure one level of information is on the market at all times and to avoid prejudice to any class of investor or market participant including supervisory bodies.	Please see response to comment 162 below.

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		an issuer's securities;		
30.	BASA	**1- Definitions** **"price sensitive information" means unpublished information that is specific or precise, which if it were made public, would have a material effect on the price of an issuer's securities;**	price sensitive information" – We request clarification why we need this definition in addition to "inside information" in the Financial Markets Act?	Although the term "inside information" and "price sensitive information" have overlapping elements, we believe the meaning of these terms are fundamentally different and should not be confused. The main purpose for a definition in any piece of legislation is to assist with the interpretation of the requirements, therefore for purposes of interpreting the substantive requirements in the Conduct Standard the definitions in section 1 must be used. It explains the meaning of a term to ensure consistent application and interpretation. What should be considered is whether the definition appropriately captures the intent of substantive provisions and the applications. The terms are not mutually exclusive. Price sensitive information describes information that would have a material effect on the price of a security, whereas inside information describes the origin of the information. The term has been defined here for the specific context of section 11 (13) to (16) of the draft Standard – which creates legal obligations in relation to cross trading of securities. The term does not contradict or detract from the use of the term in the FMA. Differently put it would be inappropriate to use the term "inside information' as it has, by definition, a different meaning, as it is information obtained or learned as an insider (as defined in the FMA) and therefore cannot be applicable to the requirements for the distribution of price sensitive information and cautionary announcements by exchanges.
31.	JSE	1. Definitions "primary exchange" and "secondary exchange"	The definitions of "primary exchange" and "secondary exchange" are unclear regarding whether the term 'exchange' contemplates only exchanges licensed	Section 2 of the draft Conduct Standard specifically indicates that the standard applies to market infrastructures licensed under the FMA.

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			in South Africa or whether the definition applies to both licensed exchanges and external exchanges, as defined in the FMA. This clarity is important for the context and interpretation of the sections in the draft Conduct Standard which provide for "Transfers of listings between exchanges", "Cross-trading between exchanges" and "Sharing of Information". Section 2 of the draft Conduct Standard limits its application to licensed market infrastructures. We have therefore assumed that the FSCA's intention is that the definitions of "primary exchange" and "secondary exchange" refer only to exchanges licensed in South Africa. Furthermore, while in most instances an issuer would elect which exchange would be its primary exchange, there are instances where the primary exchange can be determined without an election by the issuer. For example, in terms of the JSE Listings Requirements, the primary listing status and therefore the primary exchange can be determined by the JSE where the volume and value of that issuer's securities trading on the JSE exceeds 50% of the value and volume traded on all exchanges where the issuer is listed. The issuer's listing status on the JSE in respect of those securities may be converted from a secondary listing to a primary listing (i.e. resulting in a dual primary listing).	The FSCA confirms that, consistent with section 2 of the draft Conduct Standard, the Standard applies only to market infrastructures licensed in South Africa. Accordingly, references to "primary exchange" and "secondary exchange" are intended to apply only to exchanges licensed in terms of the Financial Markets Act (FMA) and do not extend to external exchanges as defined in the FMA. The FSCA agrees that this limitation should be made explicit in the definitions to avoid ambiguity, particularly in the context of provisions dealing with transfers of listings, cross-trading between exchanges, and information sharing. Drafting proposals for the definitions accepted.

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			The converse would also apply where both the volume and value of securities traded on the JSE is 50% or below. While currently this is an unlikely scenario in respect of the activity on other licensed exchanges, it is possible that the scenario could change in the future. Consequently, we recommend that the definitions are amended as follows: "primary exchange" means the **licensed** exchange on which an issuer has **a primary listing [elected to be primary listed]**; "secondary exchange" means **[an] a licensed** exchange other than the primary exchange on which a security is listed; In addition, the draft Conduct Standard does not adequately address the various listing scenarios that may arise. The concepts and the regulatory implications of dual or multiple listings in a competitive market environment have not been fully considered in the draft Conduct Standard. In our general comment 5, we have set out, at a high-level, the various listing scenarios and the regulatory implications thereof.	
32.	JSE	1. Definitions "primary listing"	We refer to our comment on the definitions of "primary exchange" and "secondary exchange". We recommend that the definition is amended as follows: "primary listing" means in relation to a security listed on more than one licensed exchange, a listing by virtue	Drafting proposal accepted.

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			of which the issuer is, in respect of that security, subject to the full requirements applicable to listing on that exchange;	
33.	SAIS	**"reference price"** means the last auction or automated trade price or the previous closing price, whichever is the most recent, or in the absence of a last auction or automated trade price or a previous closing price, a price as determined by the primary exchange;	It is essential to ensure that definitions are in alignment with primary exchange rules. This alignment guarantees consistency across various market participants and infrastructures, reducing ambiguity and ensuring smooth, coherent market operations. Clear and standardised definitions help maintain market integrity, promote transparency, and prevent regulatory conflicts, thus fostering a more stable and efficient financial market environment.	The comments are noted. Rules of market infrastructure are subordinate to the provisions of a regulatory instrument. See: Section 17 of FMA *Requirements with which exchange rules must comply* *(1) The exchange rules must be consistent with this Act, the Financial Sector Regulation Act and any standard made in terms of this Act or the Financial Sector Regulation Act.*
34.	SAIS	**"secondary exchange"** means an exchange other than the primary exchange on which a security is listed;	Not sure if this needs to be expanded within the Republic or if it is intended to be expanded across jurisdictions, as this could have other unintended consequences	See change to the definition to clarify that it refers to a licensed exchange. Section 2 provides that the Standard applies to market infrastructures licensed under the FMA.
35.	JSE	1. Definitions **"significant event"**	The definition of "significant event" is much broader than the definition provided for in the Financial Services Board Notice to Licensed Market Infrastructures to Report Significant Events to the Registrar, published 20 June 2017 ('Notice 2017'), and it has been expanded to include certain events that are only applicable to exchanges. We note that subparagraphs (e)(i) – (iii) of the definition of "significant	The FSCA does not agree. The FSCA is of the view that the regulator needs reporting on both, but for different reasons, at different levels of intensity and that both could contribute to a significant event as defined. If one considers other jurisdictions for example the SEC requires the suspension of trades to be reported to the SEC and is considered a significant material event and if it is not reported to the SEC in time regulatory action is taken. The SEC is of the view that the suspension of a trade or a security can trigger a significant or material event. We agree with this and prefer that suspension of

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			event" are almost identical to those provided for in paragraph 6.80 of the JSE Equities Rules: *"6.80.1 The Director: Market Regulation, in conjunction with the Director: Issuer Regulation, may declare a trading halt in an equity security in circumstances where the Director: Market Regulation determines that the trading activity in an equity security –* *6.80.1.1 is being or could be undertaken by persons possessing unpublished price-sensitive information that relates to that security;* *6.80.1.2 is being influenced by a manipulative or deceptive trading practice; or* *6.80.1.3 may otherwise give rise to an artificial price for that equity security."* There is a vast difference between a trading halt and the suspension of a security. A trading halt is intended to be temporary in nature (i.e. until items (e)(i) – (iii) are remedied), and a suspension of the listing of securities usually relates to the non-compliance of an issuer with an exchange's listing	a security remain part of the definition of a significant event. It is confirmed that the definition of a "significant event" in the draft Conduct Standard is not intended to categorise the underlying cause or regulatory rationale of an event, but rather to identify events that may have a material impact on market integrity, price formation, liquidity, or investor confidence, and which therefore warrant heightened transparency, coordination, and information sharing between market infrastructures. It is important to note that the Conduct Standard is specifically concerned with market fragmentation, coordination between exchanges, and the orderly functioning of competitive markets. In this context, the suspension of a security on one exchange, particularly where securities are cross-listed or traded by common authorised users, necessitates timely information sharing and coordinated responses to prevent market confusion, regulatory arbitrage, or inconsistent treatment across venues. The FSCA does not agree that the inclusion of specific provisions in sections 12(2) to (8) renders the inclusion of "suspension" in the definition redundant. Rather, the definition identifies suspensions as events of regulatory significance; and the subsequent provisions prescribe

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			requirements and not to abusive or opaque market trading activities. Consequently, we submit that a suspension is misplaced as part of the definition of significant event and should be deleted from the definition. Our general comment 11 provides more detail on the nature of a suspension of securities and the requirements in terms of the FMA. In addition, the inclusion of specific provisions in subparagraphs 12(2) to (8) regarding the sharing of information in respect of a suspension negates the need to include "suspension" as a significant event. We strongly recommend that the term "suspension" is removed from the definition of significant event, and that the terms "suspension" and "trading halt" are defined in the draft Conduct Standard and used appropriately where relevant.	how information relating to such suspensions must be shared and managed. These provisions are therefore complementary, not duplicative. It is proposed that it remains as is. Consistent with the FSCA's strategy of harmonising and consolidating the subordinate legislaiton Board Notice to Licensed Market Infrastructures to Report Significant Events to the Registrar, published 20 June 2017 will be withdrawn at the time that this Conduct Standard is made.
36.	SAIS	**"significant event"**	The definition provided for a **"significant event"** covers a comprehensive range of scenarios that could impact financial market environments.	Noted.
37.	SAIS	**"volatility controls"** means pre- or post-trade controls that prevent certain orders from being matched.	**Volatility Controls:** Mechanisms implemented by exchanges to manage and mitigate excessive market volatility. These controls can include pre-trade measures, such as order restrictions, price collars, and circuit breakers, as well as post-trade measures, like trade halts or	Noted.

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			suspensions, to prevent certain orders from being matched or executed in extreme market conditions.	
2. Application				
38.	JSE	2. Application	The term 'market infrastructure' is defined in the FMA as *"each of the following—* *(a) a licensed central counterparty;* *(b) a licensed central securities depository;* *(c) a licensed clearing house;* *(d) a licensed exchange;* *(e) a licensed trade repository;"* [commentator's emphasis] thus, rendering the phrase *'licensed under the Act'* in this paragraph redundant. Therefore, it should be deleted. In addition, we note that the use of the term 'market infrastructure' would exclude a 'licensed external central counterparty' and a 'licensed external trade repository'. The Statement of Need is silent on whether the FSCA contemplated the application of the draft Conduct Standard to licensed external market infrastructures, and the draft Conduct Standard would not apply to interoperability arrangements or links between a licensed clearing house or a licensed trade repository and licensed external central counterparty or a licensed external trade repository, respectively. If this is not the FSCA's intention, we recommend that the FSCA expands the application of the draft Conduct Standard.	For the intended understanding of the draft Conduct Standard – the FSCA prefers to retain the use of the term 'licensed' in the section. The scope of application has been expanded to include an external central counterparty and external trade repository as defined in the FMA. The phrase 'licensed under the Act' encompasses all types of licenses.

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39.	SAIS	**2. Application** The Conduct Standard applies to market infrastructures licensed under the Act. – Financial Markets Act, 2012 (Act No. 19 of 2012),	**The ACT; -** **''market infrastructure''** means each of the following, as they are defined in section 1(1) of the Financial Markets Act: (a) A central counterparty; (b) a central securities depository; (c) a clearing house; (d) an exchange; and (e) a trade repository; As the draft Conduct Standard for market infrastructures aims to address the consequences of market fragmentation due to increased competition and the issuance of new exchange and FMI licenses, the SAIS concurs with the FSCA on the importance of preventing disruptions to the orderly functioning of financial markets and mitigating any risks introduced by competition. The SAIS supports the FSCA's efforts to address policy-related issues and define the specific circumstances under which exchanges and FMIs should interoperate. We agree that this is crucial for ensuring that SA financial markets remain relevant and internationally competitive. This approach is essential for maintaining a sound, fair, efficient, and transparent equity market. However, there appears to be some scope creep, creating confusion due to the overlap across all FMIs without explicit recognition of the distinct functions of each market infrastructure across different asset	The FSCA recognises that there are distinctions in the functions of the various market infrastructures. The draft Conduct Standard is drafted to apply general requirements that will apply irrespective of entity type – and the comment does not disclose the hazard that is introduced by using this approach. The FSCA has taken care to create entity specific requirements applicable to exchanges, central counterparties etc, where the requirements have needed to make specific references to the entity type. As indicated, the draft Conduct Standard is entity agnostic and will apply to all entities scoped in in the application section.

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			classes and the different regulatory regimes and authority. The expanded codes have introduced uncertainty and seem to have deviated from the initial focus on resolving issues specifically experienced between the JSE and A2X, where common Authorised Users trade common listed securities within the Cash Equity Market. It is therefore imperative for the FSCA to distinctly clarify whether this draft Conduct Standard is intended for specific asset classes, such as cash equities traded only on JSE and A2X, or if it is meant to apply to all local Exchanges and Infrastructures within the Republic, regardless of the asset classes traded, cleared and settled. Should the FSCA intend to write codes covering all different asset classes across various FMIs, it is crucial to ensure that the codes are separated into different categories for each asset class, traded, cleared and settled and FMI-specific functions. This separation will mitigate any ambiguity and prevent various unintended consequences, such as confusion and duplication regarding regulatory oversight, conflicts of interest and determining where regulation should sit across FMIs. These issues could ultimately have a negative impact on authorised users.	See response to same comment from commentator to comment 1 above. See response to same comment from commentator to comment 1 above.
CHAPTER 2 **GENERAL REQUIREMENTS**				

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3. General principles				
40.	SAIFM	Section 3) General Principles	SAIFM strongly suggests that an additional principle (as paragraph 3(3)) be added to these requirements, namely for every market infrastructure to be required to establish competency requirements. Currently, two market infrastructures have specific licensing examinations required of their participants/members, while others are silent. SAIFM is not suggesting that every market infrastructure must establish their own unique licensing examinations, but all should at least stipulate what their competency requirements are, so as to ensure both best practice and consistency across all market infrastructures.	Suggestion noted. In terms of the new activity based licensing that is being introduced through the Conduct of Financial Institutions Bill dealing will become a licensed activity and members and participants will be required to be licensed by the FSCA. The FSCA may prescribe requirements (including competency requirements) applicable to these entities through conduct standards. As such we do not believe the inclusion of such a principle is required.
41.	BASA	**Chapter 2, section 3(1) General Principles, & Section 4.**	We would request that the Authority consider an additional sub-section that requires market infrastructure to avoid any anti-competitive and monopolistic behaviour, and proactively and efficiently adapt their rules to allow and facilitate the inclusion of other market infrastructures. - Including that market infrastructures must aim to ensure favourable outcomes for their members and the underlying clients of their members. - Again, proactively, and efficiently adapting their rules if the rules are negatively	The proposals are noted, however the FSCA will not incorporate the proposed wording relating to competition related matters as the suggestions are already applicable under the Competition Act. It is the FSCA's view that the Conduct Standard contains sufficient requirements to further the objects of the FMA at this stage. With respect to the proposals on favourable outcomes, it is submitted that compliance with the principles in the standard will yield positive outcomes for all. In addition, the section has been enhanced to provide that a market infrastructure must at all times act in good faith and in the interests of its members and their financial customers. With respect to negative impacts on members and underlying clients, section 17(2)(s) of the FMA provides an avenue for dealing with complaints where exchange

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			impacting members and their underlying clients.	rules must provide "for a process whereby complaints by authorised users against the exchange in respect of the exercise of functions by the exchange may be made, considered and responded to".
42.	JSE	3(1)(a) - Due regard to the needs of other market infrastructures and other market participants	There is no legal or other statutory duty on a market infrastructure to consider or have *'due regard to the need for information of other market infrastructures and market participants'.* On the contrary, the FMA imposes onerous statutory obligations on market infrastructures to keep information confidential, and they may only share information in specific circumstances and for a specific purpose. Further, the requirement in paragraph 3(1)(a) is vague and too broad. Market infrastructures, in the ordinary course of business, have regard for the need to provide necessary information to their authorised market participants. But it is unreasonable to expect a market infrastructure to have due regard to the needs of other market infrastructures or other market participants, without a legitimate reason for them to do so. It is incomprehensible how, and under what circumstances, a market infrastructure should determine the information needs of other market infrastructures and other market participants. Consequently, without clarification on the specific needs of other market infrastructures and other	Disagree with the proposed deletion. The principles align to the FSCA's move to more principle and outcome-based legislation. The FSCA will not be prescriptive on the types and content of the information that is necessary beyond what is set out in the substantive requirements in the Conduct Standard. The Conduct Standard is drafted in terms both the FMA and FSR Act – specifically section 74 of the FMA and section 106(1)(a) of the FSR Act, read with Chapter VIII of the FMA and sections 106(2)(a), 106(3)(a) and 108 of the FSR Act. It is critical to take into account the Conduct Standard making powers in the FSR Act. The draft Conduct Standard has the effect of imposing the legal duty on the market infrastructure. The Commentator has not identified the manner in which the legal duty imposed by the draft Conduct Standard is in conflict with the statutory obligations on sharing or maintaining the confidentiality of information. The legitimate reason for sharing information is encapsulated in the principles aimed at supporting efficiency and integrity of financial markets and supporting trust and confidence in the financial sector. The efficacy of the draft Conduct Standard is dependent on the co-operation of market infrastructures in order to give effect to the provisions of the draft Conduct Standard. It would be inappropriate for a conduct standard to specify the types of information that may be required by market infrastructures to comply with the draft Conduct Standard – such information is best obtained through

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			market participants that should trigger an exchange of information, it is impossible, even if it was lawful, to comply with this requirement. We recommend that the phrase "*due regard to the need for information of other market infrastructures and market participants"* be deleted.	co-operation and collaboration of market infrastructures.
43.	JSE	3(2) – Fair and open access	We note that the phrase *"fair and open access"* is language used in the CPMI-IOSCO Principles for Financial Market Infrastructures ('PFMIs'), and we have assumed that it means fair and non-discriminatory access to a market infrastructure. However, the principles recorded in the CPMI-IOSCO document are of a wide ambit and of a general nature, and it is important to assess and consider these general principles against the specific provisions of the South African regulatory framework recorded in the applicable statutes, which do not contain a requirement of *"fair and open access".* The FSCA's use of the phrase 'fair and open access' must therefore be consistent with the applicable statutory requirements, in this instance, the FMA, in terms of which market infrastructures are required to provide for the equitable criteria for authorisation and exclusion of authorised users, participants and clearing members (sections 17(2)(a), 35(2)(b) and 53(2)(b), respectively). The provisions of the draft Conduct Standard dealing with "fair and open access to market participants and	The FSCA disagrees with the proposed deletion. The Conduct Standard is drafted in terms both the FMA and FSR Act – specifically section 74 of the FMA and section 106(1)(a) of the FSR Act, read with Chapter VIII of the FMA and sections 106(2)(a), 106(3)(a) and 108 of the FSR Act. It is critical to take into account the Conduct Standard making powers in the FSR Act. These are the enabling provisions in term of which the requirements in the Conduct Standard will be prescribed. Specifically, the commentator's attention is drawn to section 106(2)(a) at which the provisions in this Conduct Standard is aimed. We disagree that the principle goes beyond what is empowered in terms of the FMA and FSRA. The

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			other market infrastructures" go beyond what is required (or mentioned) in either the FMA and/or the FSRA, and do not fall within the ambit of matters that may lawfully be recorded in conduct standards as contemplated in section 74 of the FMA and section 106 of the FSRA. Conduct standards cannot impose obligations on market infrastructures that go beyond the obligations recorded in legislation. Further, if the FSCA's intention was that "fair and open access" has a different meaning and refers to a different concept to "equitable criteria", this different concept would have to be specifically catered for and recorded in the FMA and/or the FSRA, and should be defined in the relevant legislation, to ensure that market infrastructures are able to determine the nature of this obligation in the draft Conduct Standard, which would then enable them to consider the purpose, principles and the content of the *"appropriate policies"* that they must establish. It is also important to keep in mind that market infrastructures are bound by the confidentiality requirements provided for in the FMA, and it would be unlawful to provide open access (fairly or unfairly) to confidential information to market participants and other market infrastructures. The reference to 'fair and open access' in paragraph 3(2) is so broad that it might	empowering provisions should be read with the FSCA's statutory objective (S57 of the FSRA) and functions (S58 of the FSRA) which explains the FSCA's mandate to, among others promote, to the extent consistent with achieving its objective, sustainable competition in the provision of financial products and financial services. The reference to "fair and open access" is intended to give expression to the existing statutory requirements that market infrastructures apply equitable, transparent and non-discriminatory criteria for authorisation, participation and exclusion, as provided for in sections 17(2)(a), 35(2)(b) and 53(2)(b) of the FMA. The requirement in section 3(2) should be read in its entirety to understand its intended meaning. It is aligned with the FSCA's principle-based and outcomes-focused approach to regulation, which aims to enhance the efficiency and integrity of financial markets and support sustainable competition. The reference to "fair and open access" is intended to express the principle underpinning the equitable criteria that market infrastructures must apply in accordance with sections 17(2)(a), 35(2)(b), and 53(2)(b) of the FMA. It is not intended to create obligations beyond those required by legislation, nor to extend to access to confidential or proprietary information. Market infrastructures are expected to adopt appropriate governance policies that describe how they will apply fair and open access in practice, for example through the equitable criteria set out in their rules. This ensures that access to the functions and facilities of the market infrastructure is applied transparently, consistently, and in a non-discriminatory manner, in line with both statutory requirements and the overarching principles of market integrity. Further to this the requirement to establish policies that provide fair and open access to market participants and

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			be interpreted to refer to access to information, instead of just access to the functions and facilities of a market infrastructure. If the FSCA's intention was that 'fair and open access' has the same meaning as 'equitable criteria', we submit that this requirement is a duplication of the requirements in the FMA and introduces uncertainty and possible misinterpretation. In any event, in respect of its own authorised market participants, it would not be appropriate for a market infrastructure to record these requirements in an 'appropriate policy', as it is a matter that must be dealt with in the market infrastructure's rules (sections 17(2)(a), 35(2)(b) and 53(2)(b) of the FMA). These requirements are set out in the market infrastructure's rules or provided for in the contractual arrangements in respect of access and use of the market infrastructure's systems. We therefore recommend that subparagraph 3(2) be deleted.	other market infrastructures can constitute a requirement related to governance including in relation to the operation of, and operational requirements for, financial institutions as envisaged in section 108(1)(e) of the FSRA. The comment that the provisions of the draft Conduct Standard go beyond what is empowered in primary legislation is therefore rejected. Please see comment in section directly above – it is the view of the FSCA that this is in fact specifically enabled in the FSRA. The requirement should not be misinterpreted to mean that confidentiality requirements must not be met. The reference to 'fair and open access' applies to market infrastructures' functions or duties, systems, or participation rights, not confidential information. We further clarify that section 3(2) is not intended to require "open access" in an unrestricted sense, nor to override confidentiality, information-security or other statutory obligations imposed on market infrastructures under the FMA or any other applicable law. The obligation relates to access to the functions and facilities of a market infrastructure, and not to access to confidential or proprietary information. It is not clear from the comment why the commentator holds the view that providing fair and open access to market participants and other market infrastructures

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				could result in any unjust outcomes in the financial markets.
44.	NPWS	Section 3(2), "General Principles"; Section 4(3), "Market infrastructure rules and directives"	Clarity is sought on what would constitute 'open access'. Would it entail simplified rules for applications to become a member of the exchange or is it envisaged that authorised users would be able to trade on any exchange without being a member of the exchange, and if so, how would this practically be implemented? Who would regulate the authorised user, particularly as it pertains to the safeguarding of investors' assets held by the authorised user and the capitalisation of the authorised user?	The Standard does not abolish the requirements for authorised users to be admitted by exchanges. The exchange that has admitted the authorised user would be required to regulate the authorised user. The Conduct Standard does not relax any of the requirements of the FMA. The principle is that the exchange should deal with all market participants (as defined) and other market infrastructures equitably, without unjustifiably discriminating against such participants and market infrastructures. Given that the portions of the Conduct Standard deal with co-operation, inter-operation and the sharing of information, the principle is directed at facilitating access by other market infrastructures, within the confines of the requirements of the Standard.
45.	SAIS	**3. <u>General Principles</u>**	Please check sequential numbering under section 3 – General Principals 1 ……Where it seems to duplicate – e, f, e ,f – and should read, e, f, g, h The SAIS concurs that the basic conduct standard principles are defined and aligned with the Legislation , covering "general principles" that ensure good practices of conduct essential for maintaining a sound, fair, efficient, and transparent equity market. However, the SAIS emphasises that FMIs must ensure their regulation is fair and transparent, serving the overall good of the financial markets rather than commercial gain. There must be no conflict between being the rule-maker and making rules for their own	The numbering has been rectified. The comment is noted. All scoped in by section 2 of the Conduct Standard are required to uphold the principles prescribed in section 3. Furthermore, conflicts of interests are to be dealt with in line with section 5 of the Conduct Standard – which, in addition to the requirements of section 62 of the FMA, makes provision for conflicts arising from conflicts arising from dealing with market participants.

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			commercial benefit. Instead, the focus should be on protecting and enhancing the market for the collective good.	
46.	SAIS	2. A **market infrastructure** must establish appropriate policies that p**rovide fair and open access to market participants and other market infrastructures**, while ensuring its own safety and efficiency.	The SAIS believes that these principles are aligned with the legislative framework governing FMIs and asserts that FMIs currently all do believe they adhere to these principles. The concept of fairness may be perceived differently by each FMI and is inherently subjective. Each FMI may assert that they are operating fairly within the realms of the law and that their policies are guided by legislation to ensure they do not introduce any systemic and unnecessary risks to the market. The SAIS concurs that the Conduct Standard covers essential general principles for maintaining a sound, fair, efficient, and transparent equity market. This been said, SAIS members seek clarity around what would constitute **"open access"** to market participants and other FMIs. Taking into account that market participants include Authorised Users, Participants, Clearing Members, and Clients as defined in section 1 of the Financial Markets Act, 2012, it is imperative to understand what exactly is meant by **"open access".** Would it entail simplified rules for applications to become a member of the exchange and Authorised Users,	The comment is noted. The concept is subjective in nature and the provision has been positioned as principle. An assessment of fairness of conduct will be determinable on a case by case basis. Please see response to comment 45. In addition, such access is to be granted subject to the market infrastructure "ensuring its own safety and efficiency". The requirement should be read in its totality to understand the intended meaning. This aligned to the FSCA's move to more principle based and outcomes

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			or is it envisaged that Authorised Users would be able to trade on any exchange without being a member of that exchange? Or could it mean that ultimately anyone could become a member of an exchange – "open membership", remote and sponsored membership. Would there need to be alignment across rules of who is entitled to become members of Exchanges and FMIs. If so, how would this be practically implemented? Who would regulate the authorised user, particularly regarding the safeguarding of investors' assets held by the Authorised User and the capitalisation of the Authorised User? While these principles may seem straightforward, it is crucial to ensure they fall within the strict realms of the legislative framework and do not compromise the safety and integrity of the market, introducing unforeseen risks and unintended consequences. The SAIS believes that the term **"open access"** needs to be clearly defined, always considering the rights of market participants, their clients and their right to data privacy. Therefore, as this concept extends to a wide audience, we implore that **"open access"** is clearly defined in the definitions section. Additionally, the rules pertaining to 'open access' should be specified within a framework that includes legal	focused legislative requirements that is aimed at enhancing the efficiency and integrity of financial markets and supporting sustainable competition. Open and fair access is the principle that should underpin the criteria that sets out the access requirements for market participants and other market infrastructures as is required in terms of the FMA. Accordingly, the market infrastructure should have a policy that sets out how it will enable fair and open access to market participants and other market infrastructures, including amongst others through the equitable criteria in its rules. It is not mean tot be read as open membership *per se.* Disagree that the term needs to be defined. Please see comment directly above explaining principle and outcome focused legislation.

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			contractual obligations agreed upon by all concerned and affected parties. The SAIS and its members reiterate and continue to emphasise that FMIs must ensure their regulation is fair and transparent, serving the overall good of the financial markets. There must be no conflict between being the rule-maker and making rules for their own commercial benefit. Instead, the focus should be on protecting and enhancing the market for the collective good.	
4. Market infrastructure rules and directives				
47.	A2X	**4- Market infrastructure rules and directives** (1) A market infrastructure must ensure that its rules and directives do not – (a) create barriers to entry or the efficient operation of other market infrastructures; and (b) unnecessarily discriminate against any class of market participants.	It is key that an effective mechanism be put in place to ensure that the identified rules and directives are identified and amended as required by this standard. It is proposed that an efficient and effective industry body, including market participants, other than MIs, to ensure implementation of what the market requires, with enforcement powers be considered for implementation by FSCA to allow for enforcement of this provision.	The proposal is noted. The sub-section is drafted to place the responsibility on the market infrastructure to assess its rules and to ensure compliance thereof with this sub-section. Entities interested in or affected by the application of the sub-section are not prohibited from informing the market infrastructure or the FSCA of the non-compliance with the sub-section. The FSCA will regulate and supervise the requirements in this Conduct Standard, and will be within its powers to take enforcement action if a provision in the Conduct Standard is not complied with. It is not within the mandate of the FSCA to establish an industry body / trade association. It is up to the industry stakeholders how they organise themselves into an industry body.
48.	SAIS	1. A market infrastructure must ensure that its rules and	The FMA licensing conditions stipulates – “An Exchange / licensed central securities depository must conduct its business in a fair and transparent manner with due regard	Noted.

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		directives do not – a) create barriers to entry or the efficient operation of other market infrastructures; and b) unnecessarily discriminate against any class of market participants.	to the rights of participants and their clients, and issuers". Establishing these boundaries is crucial to protect the rights and responsibilities of all stakeholders, ensuring they are appropriately recognised and upheld. The SAIS concurs that the basic conduct standard principles are defined and aligned with the legislative framework governing FMIs. However, it is imperative to have a clear regulatory framework and regime to avoid confusion about regulatory responsibilities and to prevent duplication and unnecessary friction and costs for Authorised Users and other market participants.	Noted. The Standard has been drafted in line with the enabling provisions of the FMA and FSR Act. The Standard does not relax any of the requirements of these primary laws. Market infrastructures are required to meet the requirements of the primary laws on an ongoing basis.
		2. The rules of a market infrastructure must enable the use of the market infrastructure's services by all market participants, including other market infrastructures, thus allowing fair	An overarching blueprint, setting out firm and distinctive regulatory roles, responsibilities and rules of authority and boundaries, is essential to clearly delineate who the regulator is and who has authority over whom. This is crucial to prevent conflicts of interest and regulatory overreach, ensuring an open, transparent and fair and inclusive environment for all. The FMIs' Rules & Directives intersect with multiple legislative frameworks, making it imperative for all parties to continually engage, understand the overall market and establish a collaborative and collective regulatory blueprint agreed upon by all stakeholders. Collaboration and the sharing of practitioners' knowledge and skills are essential to ensure	An overarching blueprint does not fall within the scope of the Conduct Standard. The comment is noted and all affected parties are required to meet the requirements of the law applicable

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		and open access to its services. 3. The rules of a market infrastructure, including its participation requirements, must be clearly stated, and publicly disclosed in a transparent manner to – (a) enable market participants to obtain necessary information about the trading process, including the price, order size, trading volume, risk and trader identity; and (b) eliminate ambiguity. 4. A market infrastructure must periodically review its rules and directives to ensure that they	clarity and avoid unintended consequences that may impact the enhancement, safety, market liquidity and relevance of SA financial markets and market participants. FMIs, who have different functions and play different roles, must work in concert with these market participants to maintain an effective and fair regulatory environment. It is imperative that there be a transparent process regarding the implementation and amendment of rules and directives, ensuring all parties have a fair opportunity to engage and comment. Additionally, it is crucial that the details of rules are explicitly defined within the rulebook itself, rather than being deferred to directives where market participants may not have the chance to comment. This practice can lead to a lack of transparency and fairness. Therefore, rulebooks must ensure that all details are clearly articulated within their scope and not left to directives that are not open to scrutiny and feedback, which could undermine integrity. Ensuring there is no potential for overreach beyond established regulatory boundaries is essential. Concerns have been raised about transparency and the implications of FMIs' dual role as both commercial entities and regulators, which could	to them as an operational requirement. Sharing of information and knowledge can be beneficial although not within the scope of this Conduct Standard. It is a feature of the FMA that there is no requirement for publication for comment of proposed making or amendment of rules, in the same way as is required for license applications and listing requirements. However, the FMA prescribes that rules of market infrastructures must be consistent with Standards, the FMA and the FSR Act. Although public consultation on rules can enhance transparency, the regulatory framework may be designed in a way that such fairness is attained by other means – section 62 of the FMA contains provisions for dealing with conflicts of interests. Additionally, the contents of Board Notice 1 of 2015 – which will be transposed into section 5 of the Conduct Standard, provide additional measures to strengthen the regulation of conflicts of interest in market infrastructures.

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		enable fair participation in markets for all market participants and other market infrastructures.	lead to conflicts of interest. Therefore, it is imperative to examine where commercial interests and regulatory boundaries intersect and become conflicted. A lack of transparency and trust is detrimental to the market, always questioning fairness and integrity, which is not conducive to growth and innovation. Key Points and Recommendations: Clarity on 'Open Access': The term 'open access' must be clearly defined, always considering the rights of market participants, their clients, and data privacy. It should be specified in the definitions section, with rules outlined within a framework that includes legal contractual obligations agreed upon by all concerned and affected parties. Regulatory Authority and Framework: It is crucial to delineate clearly who regulates whom to prevent overlap and confusion. This clarity is essential to avoid conflicts and ensure a streamlined regulatory environment. It is also vital to understand each FMI's roles, responsibilities and legal boundaries within the legislation, as well as where they may cross over. If this is not clearly defined, it can create confusion and ambiguity, potentially introducing systemic risks, friction costs, unlevel playing fields and ultimately leading to unintended consequences.	The prevailing South African regulatory construct allows market infrastructures to play both a commercial and regulatory role. This structure is not endemic to the South African financial markets. Section 62 of the FMA provides: "*A market infrastructure must, where applicable, take necessary steps to avoid, eliminate, disclose and otherwise manage possible conflicts of interest between its regulatory functions and its commercial services…"* Section 253 provides: "*A person may report to a financial sector regulator… a contravention or suspected contravention of a financial sector law in relation to a financial institution…"* Therefore, any person is able to report a contravention or suspected contravention of the requirements relating to conflicts of interest. Also see previous section regarding provisions related to conflict of interests. Please see response to comment 45 and to same comment raised by commentator in comment no 48 above.

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			Avoiding Regulatory Overreach: FMIs must operate within their regulatory boundaries without imposing undue influence on the different market participants. Overreach can undermine the effectiveness of regulations and create unnecessary compliance burdens. Inclusive Stakeholder Engagement: The rule amendment process must be inclusive and transparent, engaging all relevant market participants to ensure that changes reflect a comprehensive industry consensus. Embedding Changes in Rulebooks: Significant changes should be embedded directly within the primary rulebooks rather than being deferred to later directives. This ensures that all stakeholders are aware of and can comply with the regulations, promoting a stable and fair financial market. Preventing Conflicts of Interest: FMIs should focus on protecting and enhancing the market for the collective good rather than for their commercial benefit. The separation of regulatory and commercial roles is essential to maintain market integrity. By addressing these concerns and ensuring clear, transparent and inclusive regulatory processes, the SAIS aims to uphold the principles of a sound, fair, efficient, and	The comment is noted. The comment is general and in the absence of detail on where regulatory roles are not clear or may overlap this comment cannot be responded to in any more detail. The comment is noted. The comment is general and in the absence of detail on where FMIs might be imposing undue influence or overreach this comment cannot be responded to in any more detail. Please see response above. There are no prescribed consultation requirements in the FMA for the making of the rules of a market infrastructure, and such

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			transparent equity market, protecting the interests of all stakeholders.	requirement cannot be imposed through this conduct standard. The matter is dealt with in primary law, that is the FMA. The Conduct Standard cannot be inconsistent with the treatment of a matter by primary law. Market infrastructures are required to ensure that matters prescribed by the FMA to dealt with in rules are not captured in directives. As this comment does not relate to the content of the Conduct Standard this comment cannot be responded to in any more detail. The comment is noted. Section 5 supports what is contained in section 62 of the FMA insofar as it relates to the treatment of conflicts relating to the business of the market infrastructure, its regulatory role and the interests of market participants. The comment is noted. However, as many of the comment does not relate to the content of the Conduct Standard but more fundamentally to the architecture of the financial markets in South African in principle this comment cannot be responded to in any more detail.
49.	JSE	4(1)(a) and (b)- Barriers and discrimination	Subparagraph 4(1)(a) is ambiguous - 'entry' to what or where? Is it intended to mean entry by a market infrastructure as an authorised market participant of another market infrastructure? "Barriers to entry" in	The reference to "entry" in section 4(1)(a) is intended to refer to entry into the relevant market or market segment, including participation in, or access to, the functions and facilities of a market infrastructure, and not entry in the sense of authorisation under the rules of another market infrastructure. The provision has

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			this subparagraph seems to refer to some form of unlawful exclusion of market participants or market infrastructures. But if the rules of a market infrastructure correctly deal with the equitable criteria for authorisation and exclusion of authorised users, participants and clearing members as contemplated in the FMA (sections 17(2)(a), 35(2)(b) and 53(2)(b), respectively), it could never amount to a form of unlawful exclusion through the creation of "barriers to entry". The use of the phrase "barriers to entry" is therefore incorrect and unnecessary and should be deleted. Similarly, in respect of paragraph 4(1)(b), as we understand equitable criteria to mean non-discriminatory access, subparagraph 4(1)(b) is superfluous and should also be deleted. Further, a market infrastructure's rules and directives are only binding on its authorised market participants (and their clients) and not on 'other market infrastructures', and rules dealing with the appropriate criteria for approval of authorised market participants have no effect on the operation of other market infrastructures, as these market infrastructures conduct their business in accordance with their own rules. No context or detail is provided to determine what the barriers to "the efficient operation of other market infrastructures" might be and who	been drafted with the view that it does not override or diminish the equitable criteria requirements in the FMA. The application of the equitable criteria is a lawful obligation of a market infrastructure. Given that there is no overt or identified conflict between the requirement that rules and directives do not create barriers to entry, the FSCA prefers to retain the requirement. Where the market identifies instances in which the rules and directives of market infrastructures do in fact create barriers to entry, whether inadvertently or not, the FSCA will be in a position to enforce compliance with this particular requirement. The phrase "barriers to entry" is not intended to suggest unlawful exclusion per se, nor to override the statutory framework governing equitable criteria for authorisation and exclusion under sections 17(2)(a), 35(2)(b) and 53(2)(b) of the FMA. Rather, it is intended to address structural, technical or conduct-related features of rules or directives which, while formally compliant with equitable criteria, may in practice unduly restrict access, interoperability or competition in a manner inconsistent with the objectives of fair, efficient and transparent markets. Consequently, the FSCA views barriers to entry as an undesirable feature of a market and as such has inserted the provision as a means to that such barriers are not caused by rules and directives of the market infrastructures that it regulates and supervises. Furthermore, the FSCA does not agree that section 4(1)(b) is superfluous. While equitable criteria are a core statutory requirement, section 4 is intended to ensure fair and equitable outcomes and effects of rules and directives, rather than require compliance alone. A rule may be non-discriminatory on the face of it, yet still result in inefficient market outcomes, fragmentation, or

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			would make this determination. The concept of preventing barriers to the efficient operation of other market infrastructures through the rules of an independent market infrastructure in a competitive environment is incongruous. In an effective and competitive market, competitors are not responsible for the efficiency of other competitors' operations, nor the possible flaws in a competitor's operating model. In these circumstances, we strongly recommend that subparagraph 4(1) be deleted in its entirety.	unnecessary exclusion, which section 4 seeks to guard against. The requirements in this section should not be misconstrued to somehow place an obligation for the efficiency of competitors upon each other. It is not what is set out in section 4(1)(b), and it would be an absurd interpretation and is not the intention of the requirements. The principle is that market infrastructures should operate in a fair and transparent manner, and not set out rules and directives that lead to unfair / discriminatory or uncompetitive practices or impede the effective operation of other stakeholders in the market. The FSCA does not agree with the recommendation that section 4(1) be deleted. The requirements in this section should not be misconstrued as placing an obligation on market infrastructures to ensure the operational efficiency or commercial success of competing market infrastructures. That is neither what section 4(1)(b) provides for, nor the intention of the Conduct Standard.

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				Section 4(1) is grounded in the principle that market infrastructures should operate in a fair, transparent and non-discriminatory manner, and should avoid adopting rules or directives that have the effect of creating unfair, exclusionary or uncompetitive outcomes, or that unreasonably impede the effective functioning of other stakeholders in the market. The provision is therefore concerned with the conduct and effects of rules and directives, rather than with assigning responsibility for the efficiency of competitors' operating models. In a competitive market, market infrastructures remain responsible for their own business decisions; however, this does not preclude regulatory expectations that such decisions should not result in unjustified barriers, market fragmentation or conduct that undermines market integrity.
50.	A2X	**4- Market infrastructure rules and directives** (2) The rules of a market infrastructure must enable the use of the market infrastructure's services by all market participants, including other market infrastructures, thus allowing fair and open access to its services.	It is submitted that an exchange's systems cannot, in a multi-exchange environment, be **mandatory** and imposed on any market participant and we endorse the fair and open access principle. It is our view that a mandatory systems imposed by MIs on market participants should be prohibited generally however in the event that mandated systems is deemed to be appropriate, it cannot be a closed system and should adhere to the principle of fair and open access.	Comment noted. The FSCA does not deem it appropriate to make open systems mandatory nor to prohibit the use of closed systems. The principle of open and fair access and fair competitors is however enshrined in section 3(2) and 4(1) and (2)
51.	JSE	4(2) – Fair and open access to services	Our comments on subparagraph 3(2) in respect of the concept of 'fair and open access' apply equally to subparagraph 4(2).	The use of the term "services" in respect of exchanges has been amended to 'functions'.

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			We also note that the term 'services' is language used in the PFMIs, but it is not used in the FMA to refer to the licensed functions of a market infrastructure. Consequently, it is unclear what services are referred to in this paragraph. Market infrastructures do not provide 'securities services' (as defined in the FMA) to their authorised market participants, so the reference to 'services' in paragraph 4(2) clearly cannot mean 'securities services'. A market infrastructure performs licensed functions in terms of the FMA and its rules, and may provide various non-licensed services to its customers. Non-licensed services – such as data sales by an exchange – are not subject to the FMA in the way that licensed functions are, and the draft Conduct Standard needs to recognise this. A broad requirement for a market infrastructure to provide fair and open access to all of its 'services' would scope in non-licensed services that should not be the subject of a Conduct Standard issued by the FSCA. The FSCA's powers do not extend to commercial matters that are not regulated in terms of the empowering legislation. Further, if the reference to 'services' in paragraph 4(2) is intended to mean or include non-licensed commercial services, for instance data services, we note that these services are not required to be provided for in the rules of a market infrastructure, as	The provision is intended to apply only to the licensed functions of a market infrastructure as contemplated in the FMA and the relevant rules made thereunder which is binding on members of the market infrastructure which does provide securities services. To the extent that the term "services" may give rise to ambiguity or be construed as extending to non-licensed commercial activities, the FSCA accepts that the wording may require refinement to ensure alignment with the statutory framework which is functions for an MI and services for its members. Section 4(2) is therefore not intended to regulate purely commercial arrangements, nor to extend the FSCA's oversight to matters falling outside the scope of the FMA or FSRA. That is not the intention, the intention is to ensure that MIs do not use their rules or directives to foreclose access to the market or access to another MI by market participants or to block market participants to make use of the functions of another licenced MI The FSCA further clarifies that section 4(2) is not intended to require peer market infrastructures to become authorised participants of one another, nor to create circumstances in which a market infrastructure would simultaneously act as a regulator and a regulated participant in respect of the same licensed activities. The reference to "other market infrastructures" must be read in the context of interoperability, access to centralised functions, or reliance on licensed market infrastructure functions where such arrangements are contemplated by the FMA, applicable rules, or regulatory approvals. The provision does not override the statutory structure of the FMA, which clearly distinguishes between the public functions performed by market infrastructures and the securities services provided by authorised users.

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			paragraph 4(2) contemplates, and these commercial services are typically accessed through a contractual agreement. It should also be noted that a market infrastructure cannot be both a 'player and referee' in relation to licensed functions and securities services. If a licensed market infrastructure authorises its participants to provide securities services through the use of the market infrastructure, it cannot itself become a securities services provider as a participant in a peer market infrastructure, in relation to the same securities services that it is a regulator of. For example, an exchange could not become an authorised user of another exchange. That would result in one market infrastructure regulating another competing market infrastructure, which would give rise to a conflict of interests that could never be adequately addressed and regulatory arrangements that could not conceivably be contemplated by the FMA. Therefore, a market infrastructure cannot be obliged to make provision in its rules for 'fair and open access' to 'other market infrastructures' in all circumstances, as paragraph 4(2) contemplates, because peer market infrastructures are precluded from becoming participants in each other. Furthermore, it would be in conflict with the provisions of the FMA and	Section 4(2) does not require a market infrastructure to adopt rules governing the entry or authorisation of other market infrastructures as participants. Rather, it is intended to ensure that where a market infrastructure provides access to its licensed functions or facilities in a manner permitted by the FMA (for example, clearing, settlement or interoperability arrangements), such access is governed by transparent, objective and non-discriminatory principles, and is not unreasonably withheld or structured in a manner that undermines market integrity or competition. The FSCA does not agree that section 4(2) should be deleted. The purpose of the provision is to guard against unjustified exclusionary or discriminatory practices in relation to access to licensed market infrastructure functions. We will however ensure that section 4(2) is not misconstrued as extending to: commercial services or securities services provided by market participants.

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			impermissible for a market infrastructure to purport to adopt rules and directives dealing with the entry criteria applicable to *'other market infrastructures'*. As an example, the JSE, as a licensed exchange, cannot apply for authorisation to provide securities services as a participant in terms of the Strate CSD Rules. The over-arching structure of the regulatory scheme established by the FMA is premised on the important principle that market infrastructures fulfil public duties and functions in terms of this statute, one of which is the adoption and enforcement of rules to authorise users to provide regulated securities services. It would be unlawful for the JSE, as a licensed market infrastructure, to be authorised by Strate to compete with other participants in providing securities services to clients in terms of the CSD rules. If the FSCA's intention was to ensure that, for example, other exchanges must have access to appoint JSE Clear as a licensed clearing house and CCP, the paragraph must be redrafted, as JSE Clear will fulfil licensed functions and duties in accordance with the FMA and its rules in respect of transactions concluded on these exchanges. Although in common parlance this may be referred to as a "service", it is not a purely commercial service, and there is a clear and important distinction in the FMA	

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			between “securities services” provided by authorised users and public functions fulfilled by market infrastructures. Please see, for example, section 50 of the FMA which records the functions of a clearing house. Similar considerations apply in respect of exchanges and CSDs. We therefore recommend that paragraph 4(2) either be deleted or be substantially amended to deal with our concerns regarding the meaning of ‘fair and open access’ and ‘services’, the important fact that market infrastructures exercise a public power in the fulfilment of their licensed functions, as well as the limitations on market infrastructures becoming participants in other market infrastructures.	
52.	IE	4(2)	Replace the word all market participants with all investors through the services provided by the MI's authorised users. The MI cannot offer access to its services to other MI's as this is in direct conflict with FMA since only since a MI's authorised users may have access to the market.	Please response to comment 51. The provision is not aimed a providing access to market infrastructure services in the manner offered to authorised users. The intention is to ensure that where a market infrastructure provides access to its licensed functions or facilities in a manner permitted by the FMA (for example, clearing, settlement or interoperability arrangements), such access is governed by transparent, objective and non-discriminatory principles, and is not unreasonably withheld or structured in a manner that undermines market integrity or competition.
53.	JSE	4(3) - Erroneous application	This subparagraph clearly relates to exchanges and not to other market infrastructures. If this paragraph is retained in the draft Conduct Standard, we recommend that it be moved to the chapter applicable to exchanges only.	The recommendation is accepted. Please note that this section has been moved to Chapter 10 of the Conduct Standard.

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54.	JSE	4(3) – Undefined term "participant requirement"	The term "participant requirements" is undefined, and it is unclear whether the FSCA is referring to ongoing compliance requirements contained in an exchange's rules or directives, or other requirements not contained in the rules or directives of an exchange. Furthermore, we assume that in the context of this sub, "participant" means authorised user and not 'participant' as defined in the FMA, or 'market participant' as defined in the draft Conduct Standard. We recommend that the FSCA amend this provision to provide clarity in respect of its intention.	Agreed. Provision reworded to clarify meaning. Please note that this section has been moved to Chapter 10 of the Conduct Standard.
55.	JSE	4(3)(a) – Additional rule requirements	We fail to understand the rationale for the inclusion of this subparagraph on the rules of an exchange. It is unclear whether the term 'market participants' refers to <u>all</u> market participants or only to authorised users. It is also unclear what information about price, order size, trading volume, risk and trader identity is expected to be in the rules of an exchange. These matters are a function of how trading works and are typically described in documents other than the rules. And it is unclear what information regarding the broad term 'risk' means in the context of trading functionality. We recommend that this paragraph be deleted.	Please note that this section has been moved to Chapter 10 of the Conduct Standard. 'Market participants' refers to market participants as defined in the Conduct Standard. The FSCA notes the comment regarding section 4(3) and acknowledges that much of the information referenced in subsections (a) and (b) is already disclosed through market infrastructure rules, directives, technical documentation and other publicly available sources. However, section 4(3) is not intended to introduce new disclosure obligations, nor to require the public disclosure of confidential, proprietary or participant-specific information. In particular, the reference to information such as trader identity must be read in context and does not imply the disclosure of information that is restricted under the FMA, market infrastructure rules or applicable confidentiality requirements.

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				The purpose of section 4(3) is to ensure that the rules governing participation and the operation of the trading process are clearly articulated, internally consistent and publicly accessible in a transparent manner, so as to eliminate ambiguity and support informed participation in the market. This is consistent with the FSCA's principle-based and outcomes-focused approach to regulation, which recognises that transparency is not only a question of whether information exists, but also whether it is clear, coherent and reasonably accessible to market participants. The FSCA therefore does not agree that section 4(3) is unnecessary or duplicative merely because information may be obtainable from multiple sources. However, the FSCA acknowledges that the drafting of section 4(3) may benefit from refinement to clarify that: it does not require the disclosure of information beyond that already contemplated in the FMA and applicable rules; and it does not override confidentiality or data-protection obligations.
56.	A2X	**4- Market infrastructure rules and directives** (4) A market infrastructure must periodically review its rules and directives to ensure that they enable fair participation in markets for all market participants and other market infrastructures.	In order to facilitate timeous compliance with this requirements, there should be a prescribed "periodic" frequency that an MIs rules and directives must be reviewed and a prescribed timeframe for rules and directives to be amended. This is to prevent MI's from exploiting uncertain and ambiguous timeframes. It is key that an effective mechanism be put in place to ensure that any rules and directives are identified and amended as required by this standard as soon as possible.	The sub-section is not intended to be prescriptive – instead it is the expectation that each market infrastructure will determine the frequency with which the reviews will be conducted, based on its needs. As with all regulatory requirements, the on-going supervision of market infrastructures is intended to identify wilful non-compliance with regulatory requirements. The proposal is noted. The draft Conduct Standard does not prohibit the formation of the body by industry participants, however, the FSCA will not participate in the proposed structure. It is not within the mandate of the FSCA to establish an industry body / trade association. It is up to the industry stakeholders how

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			It is proposed that the implementation of an efficient and effective industry body, including market participants, other than MIs, to take into account market demand and needs, with enforcement powers be implemented by FSCA to allow for enforcement of this provision. This body must be in a position to facilitate timeous compliance with this provision.	they organise themselves into an industry body However, any person may bring complaints of non-compliance with financial sector laws to the FSCA in line with section 253 of the FSR Act.
57.	BASA	**Chapter 2, Section 4(4)**	The word "periodically" could be very subjective from one market infrastructure to another. ➢ We recommend that it would be more appropriate to use a specified period, i.e. annually	On a principle basis, it is intended that the market infrastructures retain the discretion to determine the period within which reviews be conducted. This aligns to the FSCA's move to more principle based and outcomes focused legislative requirements, and to allow for the requisite flexibility to allow market infrastructures to operate efficiently.
58.	JSE	4(4) Duplication	The requirement in subparagraph 4(4) seems to be a duplication, in substance, of the requirements in subparagraph 4(1).	We do not agree that the requirement is a duplication. It is intended to introduce the principle that market infrastructures must periodically review its rules and directives to ensure that it meets the principles of fair access and enable fair participation as is required in terms of the Conduct Standard.
59.	Nedbank	Chapter 2, Section 4(4)	The word "periodically" could be very subjective from one market infrastructure to another. It would be more appropriate to use a specified period, i.e. annually	The proposal is noted. However, the provision is not intended to be prescriptive – but flexible to take into account the specific circumstances of each market infrastructure. Each market infrastructure will be objectively able to determine the point at which its rules and directives must be updated to keep apace with developments. This aligns to the FSCA's move to more principle based and outcomes focused legislative requirements, and to allow for the requisite flexibility to allow market infrastructures to operate efficiently
5. Conflicts of interest				

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60.	SAIFM	Section 5 – Conflicts of Interest	SAIFM understands and supports the importance of managing conflicts of interest. It is not clear, however, how and why this has been separated from existing risk management expectations, policies and procedures. There are also concerns about maintaining the appropriate confidentiality with the broad requirements of this section. Specific comments on this section are further enumerated.	Comment noted, however the Conduct Standard does not prescribe that conflicts of interest must be dealt with outside of the risk management frameworks of market infrastructures. Please note that the requirements to which the comment relate have been in place since 2015. Market infrastructures have been bound to complying with Board Notice 1 of 2015 since its issuance on 2 January 2015.
		5(3)(b)	The phrase "to the satisfaction of the Authority" is extremely broad. Without further clarity and guidance, a market infrastructure cannot be expected to know what is expected of them.	Concern noted. The intention is to empower the FSCA to engage a market infrastructure appropriateness of its conflict of interest policies and to require remedial action if not appropriate. Where necessary the FSCA is empowered through S141 of the FSRA to issue guidance on the application of the financial sector law, which would include a conduct standard such as this.
		5(4)	It is not clear who decides what is proportionate. If it is the entity itself, without further guidance from the regulator, it can reasonably be expected that there will be considerable inconsistencies across market infrastructures. SAIFM is also not clear on what would constitute inappropriate information for regulatory functions. SAIFM is particularly concerned about the governance mechanisms underlying the conflict of interest oversight committee. To whom does this committee report? Where will it	The reference to 'to the satisfaction of the Authority' will be deleted. The FSCA clarifies that the assessment of what is proportionate is not intended to be determined unilaterally by the market infrastructure without regulatory oversight. Proportionality is to be assessed having regard to the nature, scale, complexity, and risk profile of the relevant activity or arrangement, and must be applied in a manner that is reasonable, consistent, and capable of supervisory scrutiny. The drafting aligns to the FSCA's move towards more principle- and outcomes based requirements in the legislation. Where necessary the FSCA may issue guidance notice in terms of section 141 of the FSR Act on the application of a financial sector law, which would include a conduct standard. Also see revised wording to section 5(4)(b). .

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		5(5)	get its power to act? With only independent members, how will it know what conflicts arise or have the potential to arise? An entity sitting outside of existing structures does not make sense from a governance point of view, and may be unnecessary, as other structures, such as risk committees, already exist. Not only is this potentially unnecessary, but is likely to be extremely expensive, and possibly conflictual itself, as the pool of potential experts (who are not already on the Board or on other committees) will be extremely limited and may cause overlap across different market infrastructures and/or organisations active across the financial markets.	The FSCA clarifies that information would be considered inappropriate for regulatory functions where it: • is not reasonably necessary to fulfil a regulatory, supervisory, or oversight function; • contains commercially sensitive or confidential information unrelated to the regulatory purpose; • gives rise to conflicts of interest or creates an unfair competitive advantage; or • is otherwise restricted by law, including data protection or confidentiality obligations, unless appropriate safeguards are in place. Information shared for regulatory purposes must be relevant, necessary, and proportionate to the regulatory function being performed. Please see revised wording of the section to clarify the meaning.
61.	BASA	**Section 5 - Conflict of Interest sections**	We request clarification from the Authority as this section, as worded seems to imply the 'Conflict of interest oversight committee' be solely made up of external individuals to the relevant market infrastructure only. - - - We're not sure if this is the case or if such a committee be made up of a minimum of such individuals combined with senior management of the relevant MI to constitute a blend of independent and non-independent executives. ➢ We request that the Authority clarify the extent of conflicts of	The requirements to which the comment relate have been in place since 2015. Market infrastructures have been bound to complying with Board Notice 1 of 2015 since its issuance on 2 January 2015. .In line with section 5(6) of the draft Conduct Standard, the committee is required to be composed of independent directors, other suitably qualified individuals who are not employed by the market infrastructure and are not members of the controlling body or a combination of these persons.

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			interest, as we would suggest that it should include anti-competitive and monopolistic elements and controls. - It may be beneficial to either include "and anti-competitive avoidance" in the title of section 5 and include similar anti-competitive references next to "conflict of interest" wording throughout this section. - Further, we would appreciate if the anti-competitive wording would include protection of the authorised users and underlying clients from being prescribed by the market infrastructures to use specific systems. - Given potential cost implications and inefficiencies. ➢ We request clarification as to what constitutes commercial activities vs regulatory functions (under 3(a)), to allow the market to assess in which capacity the Market Infrastructure is acting under to allow participants to independently discern conflicts of interests.	The FSCA notes the proposals but however will not incorporate the proposed wording relating to competition related matters and matters that fall within the mandate of the Competition Commission. Given current draft wording in section 5(1) that includes 'other market infrastructures', it is expected that the conflicts management would invariably include competition related matters. Please see section 62 of the FMA where the same terms are used. Regulatory functions of market infrastructures include (a) making and enforcing rules; (b) Monitoring compliance by issuers, authorised users, and participants with MI rules and directives; (c) Market surveillance and investigation of misconduct; (d) Imposing sanctions, suspensions, or trading halts; These regulatory functions -

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				(a) affect rights and obligations of market participants; must be objective, neutral, and defensible; and are subject to FSCA oversight. (b) Commercial services on the other hand are revenue-generating or competitive activities, such as: trading, listing, clearing, settlement, or data services; (c) Technology and connectivity offerings; (d) Ancillary or value-added services offered by the market infrastructure; (e) Pricing models, incentives, and product innovation. The difference here is that these services are offered by the MI in a competitive market, it involves commercial discretion; and may legitimately seek profit or market share.
62.	JSE	5(1) – Conflicts of interest when providing services to market participants	Section 62 of the FMA acknowledges that possible conflicts of interest between a market infrastructure's regulatory functions and commercial services cannot always be avoided, and this is why section 62 provides for other suitable remedies, including possible conflicts of interest being disclosed and 'otherwise managed'. Subparagraph 5(1) does not make provision for any remedy for possible conflicts of interest other than avoidance, when a market infrastructure provides services to its market participants. This is in conflict with the provisions of section 62 and is not capable of being complied with, as it is too restrictive. In addition to the conflict between section 62 of the FMA and subparagraph 5(1) referred to above, section 62 records the policy of the	Section 5(2) provides for instances where the conflict cannot be avoided, namely that the conflict be managed and mitigated – without prescribing the specific manner in which such management and mitigation is to be achieved. It is submitted that the fact that section 62 and section 5(2) do not make provision for the same remedies does not necessarily result in a conflict between the two requirements. Section 108 of the FSRA provides for additional matters for making standard, specifically section 108(1)(o) – relating to requirements for identifying and managing conflicts of interests. The FSCA is therefore explicitly empowered through primary legislation to set requirements for identifying and managing conflicts of interest. It is submitted that it is within the powers of the FSCA to include matters relating to conflicts of interest in the conduct standard. We therefore disagree with the commentator's proposal to delete these requirements due to what is incorrectly perceived to be a lack of mandate.

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			legislature in recording the specific obligations imposed on market infrastructures dealing with a very specific and narrowly defined type of conflict of interests, being the possible conflicts of interest between a market infrastructure's regulatory functions and its commercial services. It is not within the powers of the FSCA to change the legislature's policy recorded in section 62 by introducing other broader types of "conflicts of interest" that are not recorded in the FMA, as super-ordinate statute, as subparagraph 5(1) does. Subparagraph 5(1) must therefore be deleted.	
63.	JSE	5(1) – Conflicts of interest when providing services to other market infrastructures	Conflicts of interest between a market infrastructure's commercial services and regulatory functions must naturally be avoided or managed. That is the purpose of section 62 of the FMA and the requirements to be prescribed by the FSCA in terms of section 62. The existence of a conflict of interests is always premised on divergent interests, such as those that might occur in the exercise of a market infrastructure's regulatory functions and the provision of its commercial services. For example, an exchange may decide to inappropriately relax its listings requirements to attract more listings in order to increase the revenue from data sales generated from the listing and trading of issuers' securities.	Please see response to comment 61 above.

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			If a market infrastructure performs a function for another market infrastructure, such as a central securities depository performing a settlement function for an exchange, the market infrastructure that performs the function would not be a regulator of the market infrastructure that benefits from the function. Therefore, there will be no conflicts of interest as contemplated in section 62 of the FMA. We cannot think of a situation where there could be a conflict of interests when one market infrastructure performs a function for another, but if there was it would not be covered by section 62. There is no statutory requirement, nor any obligation imposed on any market infrastructure to avoid conflicts of interest when performing functions for other market infrastructures. Therefore, the provisions of subparagraph 5(1) do not fall within the ambit of matters that may lawfully be dealt with in a Conduct Standard. We therefore request that this paragraph be deleted. There might be specific circumstances where a market infrastructure should conduct itself in a particular manner when performing functions for another market infrastructure, in order to comply with the provisions and objects of the FMA, but these circumstances would not constitute a conflict of interests as contemplated in the FMA.	Disagree. Please see Section 108 of the FSRA and response to the same comment by commentator under comment number 62.

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			We recommend that the FSCA considers whether there are specific matters in relation to the performance of functions by a market infrastructure for the benefit of another market infrastructure for which the conduct of the provider needs to be regulated through a conduct standard, with the objects and provisions of the FMA in mind, and, if so, to propose more specific and appropriate requirements than the obligation in paragraph 5(1).	
64.	IE	chapter 5 - Conflict of interest oversight committee	Based on para 4 (a) above you believe that governance processes should take into account the nature, size and complexity of the MI. COI is actively addressed by all MI's governing bodies and forms part of the COI comm. In our view there is no need for a conflict of Interest oversight comm since both the COI and SRO comm report directly to the board. Therefore no additional oversight required. The combination of the SRO and COI provides adequate governance to address these COI concerns. to the extent that such a committee is required this requirement must take into account the size of the MI, since in our case such a comm would be completely superfolous.	The requirements to which the comment relate have been in place since 2015. Market infrastructures have been bound to complying with Board Notice 1 of 2015 since its issuance on 2 January 2015.
65.	SAIS	**Conflicts of interest** ***Avoidance of conflicts of interests when providing services*** (1) A market infrastructure must,	The FMA licensing conditions stipulates – **"An *Exchange / licensed central securities depository must conduct its business in a fair and transparent manner with due regard to the rights of participants and their clients, and issuers".***	The requirements to which the comment relate have been in place since 2015. Market infrastructures have been bound to complying with Board Notice 1 of 2015 since its issuance on 2 January 2015. Many of the points raised in this comment does not directly relate to the provisions in the Conduct Standard, and only comments responded to in relation to the provisions of

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		in addition to section 62 of the Act, avoid any actual or potential conflicts of interest when providing services to market participants and other market infrastructures. (2) If the avoidance of a conflict of interest referred to in subsection (1) is not reasonably possible, a market infrastructure must manage and mitigate such conflict of interest. ***Conflict of interest governance arrangements and measures*** (3) A market infrastructure must – (a) establish an appropriate and effective internal governance process to identify potential, perceived or actual conflicts of interest – (i) between its regulatory	**FMA - 62. Conflicts of interest** A market infrastructure must, where applicable, take necessary steps to avoid, eliminate, disclose and otherwise manage possible conflicts of interest between its regulatory functions and its commercial services, which steps must include— (a)the implementation of appropriate arrangements, which arrangements must comply with the requirements prescribed by the Authority, be documented and be publicly available; and (b) an annual assessment, in accordance with conduct standards or joint standards, of the arrangements referred to in paragraph (a), the results of which must be published. **"market infrastructure"** means each of the following— (a) a licensed central counterparty; (b) a licensed central securities depository; (c) a licensed clearing house; (d) a licensed exchange; (e) a licensed trade repository*;* **FMA - Schedule 1 - Insolvency Act, 1936** "**market participant**" means **an authorised user, a participant, a clearing member or a client** as defined in section 1 of the Financial Markets Act, 2012,	the conduct standard and the expected impact thereof will be responded to in detail.

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		functions and its commercial services, and (ii) when providing services to market participants and other market infrastructures; (b) record, adopt and implement to the satisfaction of the Authority, effective and appropriate policies and measures to avoid, eliminate, disclose or otherwise manage any identified conflicts of interest. (c) in an appropriate policy, clearly set out the manner in which the market infrastructure will deal with any breaches of any governance process, policy or measure	According to the Financial Markets Act (FMA) and the Financial Sector Regulation Act (FSRA), Exchange Rules and CSD Rules and the likes of other FMIs: The legislation stipulates that FMIs may, with the approval of the Authority (FSCA), create additional rules on matters that are inconsistent with the FMA. The SAIS and its members find this concerning, as these rules may not always be consistent with the FMA. Ideally, all rules should align with the appropriate legislation to ensure legal consistency and clarity. Additionally, the Act states that the rules of these FMIs are binding on their market participants, issuers of securities and the officers, employees and clients of these entities. This provision is problematic as it allows Exchanges and CSDs to create rules for market participants over whom they do not have regulatory jurisdiction, leading to overreach and conflicts. Such rules could create ambiguity and duplication regarding legal authority, raising questions about the enforceability of these rules on parties without direct legal contracts with the FMI. This ambiguity can cause significant confusion among market participants and undermine the financial markets. Therefore, it is crucial to establish a collectively defined and collaborative	The interpretation is not correct – section 17(6) of the FMA provides that: "*An exchange may, with the approval of the Authority, make exchange rules on additional matters that are **not** inconsistent with this Act."* Section 35(5) of the FMA provides that: *"A central securities depository may, with the approval of the Authority, make depository rules, that are **not** inconsistent with this Act, on additional matters*." (our emphasis)

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		implemented in accordance with items (a) and (b), and the sanctions and actions that may be taken by the market infrastructure in the event of such breaches. (4) Governance processes, policies and measures referred to in subsection (3) – (a) may be proportionate to the nature, size, scale and complexity of the market infrastructure, taking into account its business and operating model, scope of activities, customer profile and associated level of risk exposure; and (b) must include- (i) separation of its commercial services from its	regulatory framework that provides clear regulatory boundaries, ensuring the integrity of the market. Ensuring there is no potential for overreach beyond established regulatory boundaries is essential. The structure of our market allows for Self-Regulatory Organisations (SROs), which play a dual role as both regulators and commercial entities. This dual role inherently raises questions about potential conflicts of interest: - such as, who does the entity ultimately serve first - their shareholders or market participants? As financial markets evolve, so do the roles and responsibilities of FMIs—exchanges, CSDs, CCPs, clearing houses and trade repositories. Their business models change as they diversify their income streams and are able to compete directly with market participants while having the advantages of being regulators. This raises significant questions about fairness and transparency. The structure of the SA market also allows for FMIs to vertically and horizontally integrate into the ecosystem, making it difficult to uncouple and separate these functions. Given that business strategies can be defined around rules, this creates an unfair advantage and conflicts of interest, leading to	Please see response above. The SRO model introduced through the FMA, a primary piece of law, which falls out of the regulatory purview of the FSCA and this Conduct Standard. In administering the FMA and the related subordinate law, the FSCA is responsible for ensuring ongoing compliance with and

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		regulatory functions; (ii) procedures to prevent inappropriate access to information by employees responsible for either the commercial services or the regulatory functions; (iii) clear guidelines for employees regarding security and confidentiality of confidential information. ***Conflict of interest oversight committee*** (5) A market infrastructure must – (a) appoint a committee that is	persistent questions about regulatory fairness. Concerns have been raised about the transparency and implications of FMIs' dual role, which could lead to conflicts of interest. It is imperative to examine where commercial interests and regulatory boundaries intersect and may become conflicted. A lack of transparency and trust is detrimental to the market, perpetually questioning fairness and integrity, which is not conducive to growth and innovation. Market participants are somewhat sceptical and questions about trust and integrity frequently arise. It becomes difficult to envision how an FMI can effectively separate its commercial services from its regulatory functions. Appointing an internal oversight committee to ensure the entity is not conflicted also seems contradictory, as it essentially amounts to marking one's own homework. Therefore, it is crucial to address these concerns and ensure that the roles of FMIs are clearly defined and separated. This will help maintain a fair, transparent and competitive market environment, fostering trust and promoting innovation while protecting the interests of all stakeholders.	enforcement of the FMA. As this comment does not relate to the content of the Conduct Standard it will not be responded to in any detail for purposes of this consultation report. The comments are noted. The Standard forms part of the programme of work to embed the FMA within the South African financial markets. The provisions in section 5 of the Conduct Standard is intended to enhance regulatory requirements relating to conflicts of interest.

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		tasked with ensuring that the market infrastructure complies with subsection (3); (b) take the necessary and appropriate steps to ensure the committee appointed under item (a) is able to independently fulfil its functions and that it does not have a conflicting duty to the management or controlling body of the market infrastructure. (6) The committee referred to in subsection (5) must be comprised of - (a) independent directors; (b) other suitably qualified individuals who are not employed by the market infrastructure and are not members of the controlling body; or		Please see above regarding the SRO model being a feature of the FMA. This model is set by the National Treasury, which is ultimately responsible for setting financial sector policy. As this comment does not relate to the content of the Conduct Standard it will not be responded to in any detail for purposed of this consultation report. Market participants who observe non compliance with financial sector laws, which includes the FMA, may report such contravention or suspected contravention of the provisions relating to conflicts of interest. As stated above, the Standard is intended to support and enhance the regulatory requirements relating to conflicts of interest. There comments relate to the appropriateness of the SRO model which it not enabled through the content of the Conduct Standard, and as this comment does not relate to the content of the Conduct Standard it will not be responded to in any detail for purposed of this consultation report.

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		(c) a combination of the persons referred to in sub-items (a) and (b). ***Annual conflict of interest assessment and report*** (7) A market infrastructure must - (a) annually assess the efficacy of the governance processes, policies and measures it has adopted in accordance with subsection (3); (b) annually prepare a Conflicts of Interest Assessment Report which report must comprehensively deal with the assessment of all material and relevant matters related to the market infrastructure's management of conflicts of interest, including: (i) An evaluation of the effectiveness of		

No.	Commentator	Section of the Conduct Standard	Comment	FSCA response
		the committee constituted to deal with conflicts of interest; (ii) whether the market infrastructure adhered to and effectively implemented and supported the conflicts of interest governance processes, policies and measures referred to in this Conduct Standard; (iii) whether the committee referred to in subsection (5) performed- (aa) an annual review and approval of its terms of reference; (bb) a self-evaluation of its performance as well as the performance of its members; (iv) whether the market infrastructure identified, disclosed and recorded the identified conflicts of interest; and		

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		(v) whether the market infrastructure adopted appropriate and effective arrangements to separate its regulatory functions from its commercial services; (c) submit its Annual Conflicts of Interest Assessment Report referred to in item (b) to the Authority and publish it on its website and any other media it considers appropriate. (8) The assessment referred to in subsection (7)(a) may include self-evaluation, a request for feedback from stakeholders and any other form of assessment to measure the efficacy with which the market infrastructure has dealt with any actual or potential conflicts of interest.		

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		Additional disclosure of conflicts of interest (9) A market infrastructure must, in addition to the publication of the Annual Conflicts of Interest Assessment Report referred to in subsection (7)(b), disclose the details of the nature and extent of any conflicts of interest in its annual report contemplated in section 69 of the Act.		
66.	Nedbank	Section 5, Section 6	This section as worded seems to imply the 'Conflict of interest oversight committee' be solely made up of external individuals to the relevant market infrastructure only. We're not sure if this is the case or if such a committee be made up of a minimum of such individuals combined with senior management of the relevant MI in order to constitute a blend of independent and non-independent executives. If this could be made clear as Nedbank would expect the latter.	The requirements to which the comment relate have been in place since 2015. Market infrastructures have been bound to complying with Board Notice 1 of 2015 since its issuance on 2 January 2015. Please see response to comments 59 and 60.
67.	BASA	**Section 5, Section 7**	➢ We request clarification from the Authority as this section, as worded seems to imply the 'Conflict of interest oversight committee' be solely made up of external individuals to the	The requirements to which the comment relate have been in place since 2015. Market infrastructures have been bound to complying with Board Notice 1 of 2015 since its issuance on 2 January 2015. Please see response to comment 60.

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			relevant market infrastructure only. - - ➢ We're not sure if this is the case or if such a committee be made up of a minimum of such individuals combined with senior management of the relevant MI to constitute a blend of independent and non-independent executives. ➢ We request that the Authority clarify the extent of conflicts of interest, as we would suggest that it should include anti-competitive and monopolistic elements and controls. ➢ It may be beneficial to either include "and anti-competitive avoidance" in the title of section 5 and include similar anti-competitive references next to "conflict of interest" wording throughout this section. ➢ Further, we would appreciate if the anti-competitive wording would include protection of the authorised users and underlying clients from being prescribed by the market infrastructures to use specific systems. ➢ Given potential cost implications and inefficiencies. ➢ We request clarification as to what constitutes commercial	

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			activities vs regulatory functions (under 3(a)), to allow the market to assess in which capacity the Market Infrastructure is acting under to allow participants to independently discern conflicts of interests.	
68.	BASA	Section 5, Section 7	We recommend that the Authority should provide guidance if the conflict of interest assessment and report specified should be produced internally by the market infrastructure or alternatively by a reputable 3rd party.	The FSCA is not prescriptive in this instance. The market infrastructure is ultimately responsible for preparing the report.
69.	Nedbank	Section 5, Section 7	The regulator should provide guidance if the conflict of interest assessment and report specified should be produced internally by the market infrastructure or alternatively by a reputable 3rd party.	Please see response to comment 66.
6. Fees and charges				
70.	NPWS	Section 6, "Fees and Charges" Fees charged for services must reflect the underlying cost and may not be subsidised by any other part of the business of a market infrastructure.	We are in full support of the inclusion of this standard, as it will contribute to fair and transparent prices and charges being levied by the market infrastructure on its members and other market participants.	Noted.
71.	SAIFM	Section 6) – Fees and Charges	It is not clear why cross-subsidization of fees should not be permitted. This would be determined by the business model of the market infrastructure.	[] Please see revised wording of section 6(3). Note that cross subsidization of fees is not prohibited in terms of the Conduct Standard but that fees must be reasonable

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			Cross-subsidization could reduce fees and charges to the end-user and would, thus, enhance accessibility and financial inclusion. This section also implies that market infrastructures may not have different fees for different clients and that proprietory information of fees charged (and not just changes in fees) must be publicly disclosed. Why would the regulator need to regulate such business models?	and commensurate to the actual service being performed. The Conduct Standard requires disclosure of all fees charged for services to its clients where there is cross-subsidisation of services. The requirement for fee disclosure is not intended to mandate the public disclosure of proprietary or confidential commercial arrangements of MIs. Rather, the objective is to ensure that: (a) fee structures and methodologies are transparent; (b) changes to fees are communicated clearly; and (c) market participants are able to understand the basis on which fees are determined. This level of transparency is necessary to support informed participation, comparability across competing infrastructures, and regulatory oversight, without requiring disclosure of commercially sensitive pricing. Disclosures of fees and charges are in the interest of transparency and aimed at ensuring of fair investor outcomes and sustainable competition in the market. It is a commonly regulated aspect in the financial sector. It does not amount to regulating business models, only requiring consistent and fair disclosures to ensure a level playing field amongst regulated entities. Market infrastructures with significant market power could use pricing to entrench dominance or distort competition downstream. From this perspective, regulatory oversight of fees is not aimed at prescribing business models, but at preventing pricing outcomes that undermine fair and open access to market infrastructure functions.
72.	A2X	**6- Fees and Charges** (1) A market infrastructure that is	The principle of disclosure of fees and transparency around specific amounts for services rendered is supported. It is submitted that aligned to this is the prevention of the	The proposal is noted. The FSCA is of the view that the phrase *'which disclosure must state the specific monetary amount for each service rendered'* in section 6(1) supports the proposal insofar as it relates to the specificity in the service rendered.

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		part of a group or that cross-subsidises services within the group must disclose all fees charged for services to its clients, which disclosure must state the specific monetary amount for each service rendered. (3) The fees charged for services must reflect the underlying cost and may not be subsidised by any other part of the business of a market infrastructure.	"bundling" of fees when such disclosures are made. Eg. "Surveillance fees"- full detail of exactly what makes up "surveillance fees" as an example must be disclosed.	
73.	BASA	**Section 6, section 1**	We request clarification as this paragraph could be enhanced with where such fee disclosure should be made and to what audience (the regulator and/or public reporting)	Please see paragraph 6(1) which states that the disclosures must be made by the market infrastructure *"to its clients"* The disclosure would be in the interest of transparency and aimed at ensuring of fair investor outcomes and sustainable competition in the market. As such the information would be relevant precontractual disclosures and must at least be made available at contracting stage.
74.	Nedbank	Section 6, section 1	This paragraph could be enhanced with where such fee disclosure should be made and to what audience (the regulator and/or public reporting)	See response to comment 71 above.

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75.	SAIS	**Chapter 2 - Section 6 – Fees and Charges** 1. A market infrastructure that is part of a group or that cross-subsidises services within the group must disclose all fees charged for services to its clients, which disclosure must state the specific monetary amount for each service rendered. 2. Where the value or costs of the services referred to in subsection (1) are not pre-determinable, the disclosure must state the basis of the calculation of the fees for such services. 3. The fees charged for services must	The SAIS and its members fully support the inclusion of this standard, as it will contribute to fair and transparent pricing and charges levied by the market infrastructure on its members and other market participants. This standard may also need to be extended to cover cross-ownership, particularly where FMIs register separate legal entities for some of their businesses. This extension ensures that separate legal entities, despite having their own boards and balance sheets, do not indirectly subsidise activities across each other, creating unfair playing fields. While most FMIs claim their fees are publicly displayed and categorised, indicating transparency in cross-subsidies, a comprehensive understanding of the interdependencies of certain services is often lacking. Without a clear blueprint illustrating these interdependencies, it becomes challenging to understand and identify cross-subsidies. FMIs should not charge fees based on rule-based principles without clear justification. Questions should be raised about how one FMI can bill its clients for activities related to another FMIs activities. For example, how can a CSD (like Strate) bill issuers based on the number of transactions in that issuance on an exchange when there	Noted. With respect to cross-ownership, the view is that this matter is dealt with in section 6(1) which provides that a: "*market infrastructure that is part of a group or that cross-subsidises services within the group must disclose all fees charged for services to its clients…*" Noted. Noted.

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		reflect the underlying cost and may not be subsidised by any other part of the business of a market infrastructure.	is no direct correlation between the number of trades executed on the exchange and the risk and settlement activities at the CSD? It is imperative that fees and charges are clear and based on the specific activities and services that the FMI offers, rather than being spread across different FMIs and their products and services. This clarity will ensure fairness and transparency, prevent potential conflicts of interest and maintain trust in the market infrastructure. Additionally, comparing fees on trades executed on different exchanges may create ambiguity specifically as the exchange is the primary or host exchange, as they have different roles and responsibilities compared to the secondary exchange. Concerns arise when fees and charges are compared across businesses with different activities, volumes, responsibilities, and regulatory functions, which can create discrepancies. These discrepancies may ultimately lead to unfair and uncompetitive behaviour. Although we are in favor of this clause and true transparency, we note that this clause will be extremely difficult to monitor and effectively compare apples to apples.	Noted. The view is consistent with the Standard which requires that the fees charged for services must reflect the underlying cost. While the comparison across different market infrastructures may be influenced by the inherent differences in the market infrastructures, the disclosures requirements in section 6 of the Standard will aid in establishing how fees are charged. Please see section 6(1) which states that the disclosures must be made by the market infrastructure "to its clients" The disclosure would be in the interest of transparency and aimed at ensuring fair investor outcomes and sustainable competition in the market. As such the information would be relevant

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				precontractual disclosures and must at least be made available at contracting stage. It is a commonly regulated aspect in the financial sector. A market infrastructure is not in terms of any requirement in the Conduct Standard required to publicly disclose proprietary, commercially sensitive, or competitively confidential information relating to its pricing models, cost structures, or internal allocation of costs.
76.	BASA	**Chapter 2, Section 6(3)**	➢ The fees subsidisation should be considered as a form of ensuring affordability of the service to end-users and promotion of liquidity. ➢ Can the Authority clarify as to why the fees subsidisation by any other part of the business of a market infrastructure is prohibited.	Noted. Disclosures of fees and charges are in the interest of transparency and aimed at ensuring of fair investor outcomes and sustainable competition in the market. Please see revised wording of section 6(3). Note that cross subsidization of fees is not prohibited in terms of the conduct standard but that fees must be reasonable and commensurate to the actual service being performed. The Conduct Standard requires disclosure of all fees charged for services to its clients where there is cross-subsidisation of services. Also see response to comment 71 above.
77.	JSE	6(3) - Fees and charges	There is no statutory prohibition against any entity, including a market infrastructure, using profits generated by one part of the business to subsidise the costs of other divisions (that by their nature do not generate revenue). Further, neither the FMA nor the FSRA prohibit market infrastructures from acting in this manner, and the FSCA is consequently not empowered to prohibit market infrastructures from structuring their commercial affairs in a manner that is, in their opinion,	Please see revised wording of section 6(3). Note that cross subsidization of fees is not prohibited in terms of the conduct standard but that fees must be reasonable and commensurate to the actual service being performed. The Conduct Standard requires disclosure of all fees charged for services to its clients where there is cross-subsidisation of services. Subsection 6(3) is not intended to prohibit cross-subsidisation, nor to regulate or prescribe the internal business models or commercial structuring decisions of market infrastructures. Rather, the purpose of this provision is to support the FSCA's statutory mandate to promote fair, open and non-discriminatory access,

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			optimal. We therefore request that sub 6(3) be deleted. Further, and on a practical level, an exchange creates two inextricably linked 'joint' products: trading and market data. Exchanges significantly and continuously improve their technological infrastructure, to maintain a secure and trustworthy environment for the safe execution of transactions, resulting in high quality market data, which in turn prompts further transactions, creating a 'virtuous circle'. This reality makes it impossible, for instance, to accurately and consistently separate the underlying cost associated with providing market data from the underlying cost associated with providing trading services. While we understand the importance of ensuring that service fees are fair and appropriate, there is no basis to impose an obligation on market infrastructures to determine fees based solely on an underlying cost model. Market data is a valuable product, and the data licensed by stock exchanges is used by commercial companies to generate profits. It should remain subject to market forces. Furthermore, regulatory costs associated with secondary market regulation are often not recovered by the relevant regulatory division, but are recovered as part of the exchange's regulatory and commercial fees. This	transparency, and market integrity, as required under the FMA. In particular, cross-subsidisation and differentiated pricing structures, while permissible, may have conduct, access and competition implications if they result in: • unfair discrimination between categories of market participants; • indirect barriers to entry; or • the obscuring of the true cost of regulatory or market services borne by different participants. Subsection 6(3) therefore seeks to ensure that the FSCA has appropriate visibility over fee practices and their potential impact on market outcomes, without interfering in the commercial autonomy of market infrastructures. Accordingly, the FSCA does not agree that subsection 6(3) should be deleted. The provision is a proportionate conduct requirement that supports supervisory oversight and does not amount to an impermissible restriction on lawful commercial arrangements.

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			is not uncommon internationally, where an exchange's market surveillance function is regarded as a cost of offering a trading platform, for billing purposes, and the associated costs are not recovered through a separate market surveillance fee. Importantly, however, this is not an example of "subsidising" but rather the effective and appropriate structuring of an exchange's affairs to ensure that it is in a position to effectively fulfil its licensed duties and obligations in the regulation of its exchange. As currently worded, subparagraph 6(3) implies that each service fee charged by a market infrastructure must represent the cost of providing that service. It does not seem to permit the bundling of multiple functions or services into a single fee. This is unduly restrictive, as it denies a market infrastructure the ability to bundle fees in a manner that makes commercial sense and is most convenient for the market infrastructure's customers. The above practical considerations aside, for the reasons set out above, we reiterate that this paragraph must be deleted.	
78.	Nedbank	Chapter 2, Section 6(3)	The fees subsidisation should be considered as a form of ensuring affordability of the service to end-users and promotion of liquidity. Can the Authority clarify as to why the fees subsidisation by any other part of the business of a market infrastructure is prohibited.	Please see response to exact same comment in comment 75 above.

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7. Significant events				
79.	A2X	**7- Significant Events**	We suggest that both Exchanges formulate a joint crisis committee that convenes in the event of significant events occurring that affect mutual members and or the Market. A crisis management procedure should be drafted and tested on a regular basis to include events i.e. Power outages, Telco outages, Strike action, etc.	The proposal is noted. It is submitted that such an arrangement may be driven by the market infrastructures if it will supplement or strengthen the full compliance with the section. Any such practical arrangements can be set out in the co-operation and inter-operation agreements between market infrastructures (as required in terms of Chapter 5)
80.	SAIFM	Section 7) – Significant events	SAIFM argues that it must always be the responsibility of the market infrastructure facing the significant event to inform all other market infrastructures immediately and that any event (including a power outage) should have risk management and business continuity processes already in place to effectively do so.	Agreed. Please see revised wording of clause 7(1).
81.	JSE	7(1) – Informing other market infrastructures of significant events	With reference to our comment on the definition of "significant event'. The definition of 'significant event' is broad, and many of the events referred to in the definition will have no impact on any other market infrastructures. Therefore, there is no reason for a market infrastructure to inform another market infrastructure of such events. Paragraph 7(1) does not clearly state under what circumstances a market infrastructure is required to inform another market infrastructure of a significant event. If the expectation is that a market infrastructure will use its knowledge and judgement to determine whether a significant event that it has experienced will affect the 'fair, orderly or transparent operation'	The inclusion of the provision is critical for the FSCA to ensure the orderly function of individual market infrastructures as well as of the entire regulated market. Please see revised wording of clause 7(1). Please also note the definition of significant event which explains which events would be significant and by implication would require the Market infrastructure facing the event to notify other impacted Market infrastructure. The section is not intended to be prescriptive on the specific circumstances in which the market infrastructure will be required to inform the other, as this would be inappropriately limiting. It will already require judgement to be affected by the market infrastructure to establish if it constitutes a significant event or not (by definition).

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			of any other market infrastructure, and only advise another market infrastructure if it comes to that determination, then paragraph 7(1) should be clearer in this regard. As currently worded, paragraph 7(1) could be interpreted to require a market infrastructure to inform all other market infrastructures of all significant events that have the effect described in paragraph 7(1) on the first market infrastructure, regardless of whether the event has the described effect on any other market infrastructure. We recommend that the FSCA clearly sets out the circumstances under which a market infrastructure must notify another market infrastructure of a significant event, including the fact that this requirement is only applicable to market infrastructures that have entered into co-operation agreements, inter-operable agreements, or link agreements. It is only market infrastructures that have entered into these types of agreements who will have events that could have a material effect on each other. Such agreements should provide for the appropriate notification of significant events.	
82.	JSE	7(1) – Informing the Authority of significant events	Subparagraph 7(1) requires that a market infrastructure must notify the FSCA of significant events, as soon as reasonably possible, but no later than 24 hours after the event occurred. However, Notice 2017 requires that a market infrastructure must report all	Please note that the provisions of Financial Services Board Notice to Licensed Market Infrastructures to Report Significant Events to the Registrar, published 20 June 2017 has been incorporated into the draft Conduct Standard, and the Board Notice will be repealed with the effective making of the Conduct

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			significant events to the Registrar without delay and within 48 hours of becoming aware of the significant event. As the FSCA has not clarified whether the provisions in the draft Conduct Standard will replace the requirements set out in Notice 2017, subparagraph 7(1) introduces regulatory uncertainty. Furthermore, subject to the necessary clarification on which significant events a market infrastructure is required to notify other market infrastructures about, there is uncertainty, based on the current wording, as to whether a market infrastructure is required to notify the FSCA of all significant events that have the described effect on that market infrastructure or only those significant events that it is required to notify other market infrastructures about. As currently worded, subparagraph 7(1) requires a market infrastructure to notify all other market infrastructures and the FSCA of the same significant events. That cannot be correct. All other market infrastructures cannot have same need to be informed of all significant events as the FSCA has.	standard. Please see revised wording of the Conduct Standard.
83.	SAIS	**Significant events** 1. Market infrastructures must inform each other without delay of any significant event that	**Significant Event:**. The definition of "significant event" includes a wide range of activities, such as: • Any material systems failure, malfunction, delay, or other disruptive system incidents, including system downtime or	Noted. The Standard does not include a closed list of types of significant events as the focal purpose of the provision is to create procedural requirements that must be followed by impacted market infrastructures, irrespective of the source of the event. Please note revised wording of section 7.

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		affects their core services, compliance monitoring and reporting systems that may interfere with the fair, orderly or transparent operation of the market infrastructures and must notify the Authority of such significant events, as soon as reasonably possible, but no later than 24 hours after the event occurred. 2. Where a technical problem (including a power outage) prevents a market infrastructure from informing another market infrastructure about a significant event as contemplated in subparagraph (1), the	breach of cybersecurity or a related system compromise. • Any breach of data security, integrity, or confidentiality. • Developments in the market infrastructure that might reasonably be expected to affect other regulated persons, clients and investors. • The closure of the market due to a technical outage of the exchange's trading system. • A trading halt or suspension, which could be due to the following reasons: • Trading activity in a security is being undertaken by persons in possession of unpublished price-sensitive information that relates to that security. • Trading activity is being influenced by a manipulative or deceptive trading practice. • Trading activity may otherwise give rise to an artificial price for that security. The definition of "significant event" may need to consider whether a trading halt on an exchange due to a "material system failure", for example, is grounds for unaffected exchanges to also halt trading. For instance, the incumbent exchange, "JSE", may experience a technical problem where the majority of its users cannot trade. The affected exchange will halt trading, but the unaffected exchange,	Its not clear from the comment how such a scenario is proposed to be addressed through legislation, as it would be unfair to insist that the so-called unaffected exchanges be prohibited from continuing to trade.

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		notification must be made to the other market infrastructures without delay by any other appropriate means.	in this instance “A2X”, continues to trade and does not want to halt trading. This could potentially lead to an unfair disadvantages as certain participants, such as retail brokers, are excluded from trading. Specific scenarios or circumstances may need to be listed or defined where collaboration between exchanges is required in terms of simultaneous halting or suspension of trading. It is crucial to understand under what circumstances it is fair or unfair for one exchange to continue trading. Rules around halting markets under different circumstances need to be clarified, including: • The entire market. • A particular market segment. • A particular financial instrument. Different significant events need to be defined clearly. This includes understanding when a market participant is in breach of exchange or CSD rules, such as breaches related to capital requirements or market abuse. It is essential to establish a full and comprehensive framework detailing how communication is to be conducted. The creation of a “war room” and a committee across FMIs is crucial to ensure effective, efficient and clear responsibilities around timely communications, leaving	The proposal are noted, but would not be appropriate for inclusion in a conduct standard as it would mean that every possible scenario would be legislated which is neither feasible nor realistic. The principles as in the Conduct Standards should be applied. If there is any identified uncertainty in the market the FSCA will consider issuing guidance notices to aid with compliance.

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			nothing to misinterpretation and possible ambiguity. All critical incidents affecting market operations, security and integrity should be addressed, promoting a robust and resilient financial market environment. It also will emphasises the importance of collaboration and communication between exchanges to manage significant events effectively, maintaining market stability and investor confidence.	
CHAPTER 3 **REQUIREMENTS FOR CENTRAL SECURITIES DEPOSITORIES AND CENTRAL COUNTERPARTIES**				
8. Requirements for central securities depositories				
84.	JSE	8. Requirements for central securities depositories	We have not commented on paragraph 8, as we believe that the CSDs are in the best position to comment on those requirements as the subject matter experts.	Noted.
85.	NPWS	Section 8(1), Requirements for central securities depositories to, "maintain continuous electronic communication with all its participants, issuers, issuers' agents, clearing houses and clearing organisations of the exchanges and with other central securities depositories", and extend its operations	We request that the standard be extended to include all parties that are bound by the rules and directives of the central securities depository (CSD). As an example, the Strate rules and directives place compliance obligations on nominee companies and on the clients of Central Securities Depository Participants (CSDPs), i.e., members of exchanges and anyone who holds an account directly with the CSDP such as pension funds, hedge funds, and asset managers, yet Strate does not communicate with these parties.	The Conduct Standard is aimed at creating a regulatory framework for market infrastructures – obligations on other parties are out of the scope of this Standard.

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		to these parties, as well as to beneficial owners.		
86.	NPWS	Section 8(1), Authorised Users with no multiple exchange operations	The conduct standard does include a good deal of information regarding the effects this requirement will have on authorized users who do not use numerous exchanges. Even though there won't be any benefits for them, they must accept the expense of change and adapt.	In terms of section 2, the Conduct Standard is aimed at market infrastructures. In the context of authorised users, the Conduct Standard furthermore creates responsibilities for exchanges that have admitted authorised users that are also admitted to other exchanges. The Conduct Standard is aimed at enhancing the efficiency of the financial markets in light of the impacts of the licensing of multiple market infrastructures in the South African market.
87.	SAIS	**Chapter 3 - Section 8 –Requirements for central securities depositories – CSD's** (1) A central securities depository must - (a) maintain continuous electronic means of communication with all its participants, issuers, issuers' agents, clearing houses and clearing organisations of the exchanges and with other central securities depositories. (b) extend its co-operation to beneficial owners,	Strate is SA principal CSD and central collateral platform, responsible for the safekeeping of the legal, digital record of securities ownership, including equities, bonds, money markets, and participatory notes in collective investment schemes. Strate (CSD) operates under the Financial Markets Act, ensuring market participants comply with regulatory requirements, and monitors and supervises the activities of Central Securities Depository Participants (CSDPs). A clear and well-defined regulatory regime for CSDs is essential, specifically delineating responsibilities between exchanges and CSDs. While it is commendable for CSDs to extend cooperation to beneficial owners, issuers, issuers' agents, custodians of securities, other central securities depositories and clearing organisations to ensure the effective, prompt and accurate clearing and settlement of securities transactions, this can lead to confusion and	The comments are noted. Section 8 does not require CSDs to impose legal obligations that are not based on mutual agreement with other participants.

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		issuers, issuers' agents, custodians of securities, other central securities depositories and clearing organisations as is necessary for the effective, prompt, and accurate clearing and settlement of securities transactions and conduct of business. (c) enable mechanisms to ensure best execution for clients in respect of fees and promptness to settle trades where a trade in the same security is settled by different central securities depositories. (d) ensure settlement finality and prevent unwinding of settled transactions. (e) prevent the unauthorised creation or deletion of securities issued,	potential overreach of regulatory powers and regime. CSDs should not be able to make rules for market participants with whom they do not have legal contractual arrangements and over whom they have no regulatory jurisdiction. As a self-regulatory organisation (SRO) and a profit-oriented entity, it is crucial to eliminate ambiguity regarding what CSDs deem necessary for the effective, prompt and accurate clearing and settlement of securities transactions to avoid conflicts of interest. **Clarity and Roles of CSDs:** **Best Execution and Efficient Settlement**: There needs to be a clear understanding of the CSD's role in ensuring best execution for clients, particularly concerning fees and the efficient and effective settlement of trades. Confusion arises when the Exchange and the CSD perform many of the same or very similar roles. It is crucial to delineate which FMI is responsible for different parts of the settlement process to ensure efficiency and effectiveness and to avoid duplication of activities and unnecessary added friction costs within the process. This includes the netting of trades executed on the exchange, creation of contract notes, settlement instructions and risk	Section 8 must not be interpreted in a way that gives the CSD any powers beyond what is permissible in primary legislation. Section 35(6) of the FMA stipulates that CSD rules are binding on a number of persons not just CSD participants. The requirements in the conduct standard must be read in conjunction with the requirements in the FMA.

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		that it maintains through the use of appropriate accounting procedures; (f) conduct reconciliation of securities it maintains in its central registries on at least a daily basis. (g) prohibit any debit balances in securities accounts. (h) identify, measure, monitor, and manage its risks in relation to its functions as a central securities depository from other activities that it may perform; (i) ensure that it has the required additional tools necessary in order to address the risks referred to in subsection (h); and (j) implement and maintain robust	management, which typically occur at the exchange level with regards to client executions. It is essential to understand the roles and responsibilities of each FMI and determine which FMI is accountable for each stage of the process. A clear and well-defined framework is needed to outline each process along the chain of events, ensuring there is no misunderstanding of accountability and responsibility and avoid duplication of costs. This framework should delineate the duties and regulatory oversight of each FMI, ensuring effective interconnection and coordination. This clarity becomes especially prevalent when common securities are settled across different CSDs. Currently, only one CSD handles cash equities settlement. **Risk Management:** The role of a CSD in best execution at the CSD level raises many questions. The FMA grants exchanges the ability to elect where transactions executed on their exchange are settled, which also defines the parts of the settlement process each FMI is responsible and accountable for. Currently, exchanges are responsible for creating netting batches of transactions, settlement instructions, and managing the associated risk. They handle the trade and settlement processes down to the client level, which varies for different client types.	Commentator's opinion is noted but it is not clear from the comment what changes are required in terms of the actual drafting/proposed provisions in the Conduct Standard. In the absence of clear proposals the comment cannot be responded to in any more detail. Section 5 of the Standard is aimed at enhancing transparency in the charging of fees. The financial market ecosystem may result in overlap in functions - so long as the overlap is not inconsistent with legislation and licence conditions. The Conduct Standard recognises CSDs' role in best execution. Please see section 8(1)(c).

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		security measures to protect assets from theft or fraud.	The CSD manages the final overall settlement at a higher level. Therefore, it is crucial to understand the entire end-to-end process, from trade execution, settlement, and clearing, to risk management, and the authority and responsibility each FMI holds in settling transactions executed on their trading platforms. A clear understanding is needed of where initial risk management takes place and who is responsible and accountable for managing the different risks.	Please see response above.
			Understanding the settlement process is vital, from execution and risk management at both broker and client levels, to where netting takes place, the process of capital adequacy and how it is managed, the creation of settlement batches and instructions and finally the management of clearing and settlement. This comprehensive understanding is imperative to avoid conflicts, duplication of effort and inefficiencies.	Please see response above.
			There is also potential for crossover and duplication in activities, processes, procedures, risk management and fees and charges between different FMIs, such as CSDs and exchanges which effect "best execution".	Commentator's opinion is noted but it is not clear from the comment what changes are required in terms of the actual drafting/proposed provisions in the Conduct Standard.
			It is fundamental to clearly define roles and responsibilities to prevent conflicts of interest and ensure efficient, transparent and fair risk	Commentator's opinion is noted but it is not clear from the comment what changes are required in terms of the actual drafting/proposed provisions in the Conduct

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			management and settlement practices. This clarity will help maintain the integrity and stability of the financial markets. **Cross-Activities of Settlement and Clearing:** The overlap of settlement and clearing activities, including corporate actions and risk management, between exchanges and CSDs can create friction costs, conflicts duplication and regulation. Addressing this issue is crucial to streamline processes, reduce inefficiencies and mitigate associated conflicts. There is a strong conviction that the legislative frameworks governing financial activities should remain distinct and clear, avoiding any overlap that could complicate compliance efforts. **Billing and Costs to Issuers:** A clear understanding of the settlement and clearing process is essential to determine what the different market participants are billed for and to evaluate whether it is the most effective and transparent method of accounting for billing. Understanding the role each FMI plays in this cycle and who manages each stage and risk should enable better transparency regarding billing practices. This ensures that costs are not just bundled into one. Questions have been raised about the fee model, as market participants across the entire chain tend to pay multiple	Standard. The matter raised here seems to not be relevant for the scope of the Conduct Standard. Listing of securities is the function of an exchange. A removal of a listing of securities is similarly a function of an exchange. However, section 8(1)(e) requires that CSDs protect the integrity of their registries from unauthorised changes. The term 'debit' is not used in the banking context. The provision requires CSDs to conciliate the entries made in its registry. Commentator's opinion is noted but it is not clear from the comment what changes are required in terms of the actual drafting/proposed provisions in the Conduct Standard.

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			times for the same or similar processes, adding to the friction cost for the ultimate investor. Concerns have also been raised regarding how the CSD bills issuers based on the number of trades executed on an exchange, particularly when there is no direct correlation between trading, clearing and risk management due to the netting process of transactions before transactions reach the CSD. Issuers have no direct influence on how trades are executed in their company by authorised users and, therefore, are unable to manage these costs in any way. Ultimately, these costs have no bearing on the activities and role the CSD plays on behalf of the issuer and can significantly increase listing and regulatory expenses across the chain of events for issuers. This added cost burden could negatively impact the attractiveness of listing on an exchange. Therefore, transparency in the cost methodologies related to the associated activities is vital for understanding the overall friction costs. **Responsibility for Securities Creation or Deletion:** There is a need to clarify whether the creation or deletion of securities is the responsibility of the exchange or the CSD. This delineation is critical for	Section 8(1)(b) contains co-operation to those instances where co-operation "... is necessary for the effective, prompt, and accurate clearing and settlement of securities". The FSCA disagrees that such co-operation would amount to overreach. The obligation is placed on the regulated entity for good reason. It has commonly been the requirement in other sector's that regulated entities communicate directly with the end client and it is well within regulatory powers to require this.

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			defining roles and avoiding overlaps and confusion. **Debit Balances and Liability:** Members have queried how CSDs can be responsible for debit balances when they are not banks. Debit balances occur in bank accounts, not security accounts, which are meant for the custody of shares and can only show long or short positions in securities. Therefore, this needs a clear definition to prevent confusion and ambiguity. Debit balances in cash accounts are managed by banks and liability for these balances rests with the banks, which are ultimately responsible. **Need for Clear, Defined Roles:** It is essential that each FMI (exchanges, CSDs, clearing houses and trade repositories) operates within clearly defined roles to limit duplication, friction costs, regulatory boundaries and conflicts of interest. A comprehensive framework is required to establish effective communication and responsibility channels, ensuring no overlap and maintaining the integrity and efficiency of the financial market. By addressing these concerns, SAIS members aim to promote a clear, transparent and effective regulatory environment that supports the integrity and efficiency of the financial markets. **Role of Authorised Users:**	Section 8 does not propose to enable a CSD to replace the functions of an authorised user. The functions of both are delineated in the FMA. It is inconceivable that the CSD would have the same kind of information that an authorised user needs to perform its functions. The section requires the CSD to co-operate with beneficial owners, issuers, issuers' agents, custodians of securities, other central securities depositories and clearing organisations as is necessary for the effective, prompt, and accurate clearing and settlement of securities transactions and conduct of business. A CSD may consider giving effect to this requirement through its rules. The CSD's role is to ensure delivery versus payment (DvP): securities are only transferred if the corresponding cash is received. If there is a shortfall in cash, the bank or clearing participant is liable, not the CSD. The CSD can enforce rules preventing "uncovered" securities movements, but it does not take on the financial liability for any debit balance. The liability for any cash shortfall rests with the bank (CSDP) or the broker facilitating the cash leg of the transaction, not the CSD itself. The aim of the provision is to prevent incidences where securities are delivered or credited without settlement of the corresponding cash obligation, which is effectively a settlement risk and should not be seen as a bank-style debit balance.

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			SAIS members advocate for regulatory processes that involve the CSDs communicating directly with them as accountable institutions on behalf of issuers. In turn, it is the Authorised Users' (AU's) responsibility to communicate directly with their own clients, ensuring effective, prompt and accurate clearing and settlement of securities transactions as part of the SAIS members' mandated duties regulated by exchanges and legislation. The client relationship and mandate lie between the market participant and the underlying client. The CSD has no authoritative grounds or need to communicate directly with the market participants' underlying clients. This would be seen as a total overreach of powers, a breach of underlying client privacy and is perceived to be a significant conflict of interest. This situation would become very convoluted and complex should there be more than one CSD licensed to process common shares. It raises the question of who would have ultimate authority, creating conflicts and barriers to entry for other CSDs. This overlapping jurisdiction could result in regulatory confusion, inefficiencies and increased costs for market participants, thereby undermining the stability and competitiveness of the financial market.	Please see response above. We do not agree with the unsubstantiated claims of so-called 'regulatory overreach'. Noted. Please see response to same point raised earlier in this comment. Commentator's opinion is noted but it is not clear from the comment what changes are required in terms of the actual drafting/proposed provisions in the Conduct Standard. The matter raised here seems to not be relevant for the scope of the Conduct Standard. The FSCA does not intend to regulate price for services.

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			Privacy of Personal Client Information: SAIS members are responsible for collating and verifying client private information as legislated. They are contractually accountable for the safekeeping and distribution of their clients' private information, trading, settlement and the safekeeping of clients' assets in a segregated manner as mandated. This responsibility underscores the importance of clear communication channels between all market participants and their underlying clients, without intermediary or CSD involvement. SAIS members believe that the CSD should have no authoritative grounds and should not be communicating directly with their clients, SAIS members emphasise that regulatory processes should ensure direct communication between regulators and Authorised Users for accessing specific client data, bypassing intermediaries such as CSDPs, issuers, transfer secretaries and the CSDs. unless directly requested to do so by the Authorised Users should their client require. This approach protects individual privacy rights, adheres to strict legal and regulatory frameworks for information security and reinforces the integrity of the financial system. Maintaining direct lines of communication between regulators	The Standard is directed at market infrastructures, and section 5 of the Standard requires greater levels of disclosure of the fees charged. This disclosure is expected to clarify the fees charged and will deter bundling of costs. This is in turn expected to yield positive market conduct outcomes. Please see above in relation to privacy concerns and claims of so-called 'regulatory overreach'.

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			and AUs, and between AUs and their clients, enhances regulatory oversight effectiveness and protects sensitive client information. This aligns with the legal obligations of AUs as accountable institutions and maintains the integrity of the client-institution relationship. **Regulatory Regime:** Upholding a balanced, transparent and just regulatory environment that honours the operational autonomy of market participants while ensuring that oversight is rightly placed and executed is essential. This approach is foundational to preserving the market's integrity and safeguarding the interests of all stakeholders, contributing to a stable and fair financial landscape. This endeavour underscores the importance of clear, transparent and equitable interactions among all financial market participants, which is a cornerstone for maintaining the market's integrity and protecting stakeholder interests without creating unnecessary conflicts of interest and confusion and potential of regulatory overreach, within the regulatory realm. **Associated Costs and Unintended Consequences:** Market participants have raised concerns regarding the lack of transparency and understanding in the billing methodology at CSD level. The SAIS members have expressed specific worries about the scope	

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			creep of activities and regulations at the CSD level, particularly due to the proposed expanded communication and regulatory activities. These expansions could lead to increased associated costs, creating an undue financial burden on market participants without providing corresponding benefits. This potential overreach raises significant issues regarding transparency, efficiency, cost-effectiveness and the proper allocation of regulatory responsibilities. Furthermore, these costs could place an undue financial burden on Authorised Users and other market participants, leading to inefficiencies and increased operational expenses without providing corresponding benefits. Retail brokers are particularly concerned that they will need to carry additional costs due to these proposed changes, even though they are currently excluded from trading on platforms like A2X. **Regulatory Overreach and Conflict:** There is also potential for regulatory overreach, where the CSD's expanded role may intrude into areas traditionally managed by exchanges on behalf of Authorised Users, thereby creating potential conflicts and unintended consequences. It is essential to have a framework that clearly defines the roles and responsibilities across FMIs to ensure there is no confusion about where	

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			regulation starts and ends and who is accountable for what. Market participants cannot afford to have multiple FMIs regulating them, as this creates unnecessary pressures, inefficiencies and duplication of costs and efforts.	
88.	BASA	**Section 8, section 1(f)**	➢ We recommend that it is made clear here that the reconciliation of its central registries to which other systems of record as this appears to be a big vague?	Please see revised wording of section 8(1)(f). The reconciliation is for the number of securities registered in an issuing account with the number of outstanding securities, which are those held in the securities accounts of the CSDs participants. For purposes of section 8(1)(f), reconciliation refers to the verification of securities balances recorded in the central securities registry against relevant internal systems and issuer issued capital, and does not relate to the reconciliation or management of cash accounts or banking balances.
89.	Nedbank	Section 8, section 1(f)	Possibly make clear here the reconciliation of its central registries to which other systems of record as this appears to be a big vague	Please see response to comment directly above. Please also see revised section 8(1)(f) which provides that the CSD must: "verify the securities balances recorded in the central securities registry against relevant internal systems and issuer issued capital ~~conduct reconciliation of securities~~ it maintains in its central registries on at least a daily basis."
9. Requirements for central counterparties				
90.	JSE	9(1) – Client default	We do not agree with the removal of a central counterparty (CCP) from the client default management process, as is inferred in the proposal in subparagraph 9(1). The default management process is a core CCP capability, with the involvement of a CCP being key to ensuring that a client default doesn't lead to the default of the clearing member. As the CCP specifies the process to be followed in	The intention is not to exclude a central counterparty (CCP) from the client default management process, nor to diminish the CCP's core default management responsibilities. The intent is to ensure that clearing members remain appropriately accountable for the management of risks arising from their clients, particularly where the clearing member bears the initial financial exposure. We do not dispute that default management is a core CCP function, and that the CCP must remain actively

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			its rules, it is fundamental that the CCP is involved in the client default management process. The exclusion of a CCP from the client default management process is particularly problematic in an agency model (as currently applied by JSE Clear) where the client faces the CCP as the principal position holder. This is too restrictive and fails to recognise the important role that a CCP may need to play in a client default, even if the clearing member initially carries the risk in the event of its client defaulting. It should also be noted that a clearing member's clients are usually the trading members for whom the clearing member clears and not the underlying clients of those trading members. Excluding a CCP from the client default management process means that a CCP is not involved at all in the default of trading members. This would be an untenable situation for any CCP. Subparagraph 9(1) also ignores the important role of an exchange in the default of a clearing member's client, particularly as those clients are often trading members of the exchange. Clearing members cannot have sole responsibility and full control over the default of trading members of an exchange. That would be an untenable situation for the exchange, that must protect the interests of all other trading members and their clients in the event of a trading member default.	involved in client default scenarios. This is particularly important in agency clearing models, where the client faces the CCP as principal and where a client default could cascade into a clearing member default. Excluding a CCP from the client default management process would be inconsistent with international standards and the CCP's obligations under its rules and that is not the intention at all. We do accept that the phrase "full control and responsibility" may be interpreted as implying the exclusion of the CCP from the default management process. This was not the intended outcome, and the wording will be refined to reflect a coordinated default management framework, with clearly defined roles for clearing members and the CCP. Please see revised drafting that gives effect to the above response.

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91.	SAIS	**Chapter 3 - Section 9 - Requirements for central counterparties 9 (CCP)** (1) A central counterparty must enable its clearing members to take full control and responsibility for the management of its client's default and establish clear and well-defined procedures for managing defaults by clearing members. (2) The rules of the central counterparty must – (a) provide the necessary clarity in respect of the clearing member's obligations towards the central counterparty in relation to the default of one of its clients; (b) specify the extent to which reliance will be	This Draft Statement introduces new concepts aimed at addressing fairness and competition. Initially, the focus was on the complexities of the two cash equity markets, JSE and A2X, given that legislation has traditionally been written around one exchange—the incumbent JSE—and the pace of regulatory change has been slower than anticipated. The scope of this draft Conduct Standard has expanded across various FMIs and requires further investigation and cross-examination of roles, functions, responsibilities, accountabilities and regulatory frameworks. CCP's main aim is to manage defaults effectively and segregate client positions and collateral. However as per Statement of need we believe that the aim is not to look at each FMI in a silo'ed approach. The Conduct Standard aims to create uniform requirements, promoting market integrity and efficiency. It addresses risks associated with market fragmentation and competition, facilitating coordination and avoiding regulatory arbitrage. Therefore understanding the scope and intentions of the draft codes is essential. When addressing requirements for central counterparties (CCPs), we begin to explore other markets and asset classes, such as derivatives, which take on a different stance altogether compared to the focus on	The FSCA further confirms that this draft Conduct Standard substantially differs from the initial draft Conduct Standard for Exchanges – in order to create a rationalised framework applicable to all market infrastructures in scope. The Standard creates a blend of requirements of general application to all market infrastructures and specific infrastructure – to account for inherent differences in the infrastructure and the market conduct outcomes sought to be achieved. Noted.

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		placed on information received from non-clearing members or participants in order to identify, monitor and manage any material risks to the central counterparty arising from tiered participation arrangements; (c) make provision for instances where the central counterparty decides to withdraw a service or part of a service being provided, for the timeframes applicable to such withdrawal, and for the appropriate communication of the withdrawal to its clearing members; (d) have requirements for the waiver of certain rules in appropriate instances to be able to apply proportionality in its assessment of admission	fragmentation across FMIs (Exchanges) that trade common listed shares, as originally intended for the codes. Currently, there is only one derivatives market (JSE), one clearing house (JSE Clear), and various clearing members (predominantly banks) that clear, settle and risk manage these instruments. This process is entirely different from that in the cash equity market. As the only CCP currently in operation, JSE Clear covers this role in the derivatives market. Furthermore, there is currently no CCP in the cash equity market. Therefore, writing standard conduct codes without fully appreciating and understanding how a CCP will operate within the cash equity space would be devoid of detail and potentially ineffective due to a lack of a framework and a full understanding of the workings, roles and responsibilities of the parties within this ecosystem. As mentioned in earlier points, typically, it is good practice and market norm to first establish a detailed collaborative framework between associated and relevant FMIs, investigate the merits of interoperability between the different licensed FMIs, and then develop codes of conduct under a signed Memorandum of Understanding (MOU). Attempting to write codes of	We do not agree that it is necessary to wait for a CCP to be licensed in the cash equity market before developing regulatory requirements – regulatory requirements should not be developed around the operations in the market. It is important for the FSCA to develop Standard at times before the licensing of an entity. This approach clarifies the regulatory framework that will be applicable to potential licensees. Furthermore, it must be stressed that the regulatory framework developed in subordinate legislation is entity agnostic – as such the framework is not shaped around which entities are in operation. The framework is based on duties and obligations of the FSCA in the FMA and FSRA, amongst others. The Standard creates minimum requirements for interoperability requirements and expects market infrastructures to develop co-operation and interoperation agreements that meet their specific needs. It is not practical for a Standard to specify the content of the agreements and market infrastructures are better place to negotiate the content thereof.

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		requirements by clearing member applicants; (e) make provision for dealing with membership of inactive clearing members; (f) set out insurance requirements, business continuity and disaster recovery arrangements for its clearing members; and (g) make provision in its rules for the handling of unsettled contracts for newly admitted clearing members or clearing members ceasing to be members of a central counterparty. (3) A central counterparty must have segregation and portability arrangements that effectively protect a clearing member's client's positions and related collateral	conduct before establishing a detailed framework creates complexities and can be problematic. The scope of these draft codes has expanded from the original proposal for exchanges to include all FMIs. Although this may seem like a minor adjustment, the notice of the draft Conduct Standard has been based on research from other international markets across different asset classes and their respective settlements within the nuances of their particular countries. This approach has not taken into account the specific nuances, structures, processes and regulatory frameworks of the SA market, resulting in confusion between different markets and infrastructures. These codes generally are aligned with and derived from the Act to effectively address the Codes of Conduct Standards between FMIs. This alignment would ensure interoperability between relevant FMIs, thereby fostering a transparent, fair, and competitive financial market. Currently, JSE and JSE Clear act as the CCP for all transactions in the listed derivatives markets in SA. JSE Clear is regulated by the FSCA and the Prudential Authority (PA) under the FMA. Adheres to international standards set by the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI).	Noted. Noted. The comments below are noted.

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		from the default or insolvency of that clearing member. (4) A central counterparty must – (a) employ an account structure that enables it readily to identify positions of a clearing member's client and to segregate related collateral; and (b) maintain client positions and collateral in individual customer accounts or in omnibus customer accounts. (5) A central counterparty must disclose - (a) its rules, policies, and procedures relating to the segregation and portability of a clearing member's client's positions and related collateral;	**<u>Roles and Responsibilities in the South African Derivatives Market</u>** **JSE Clear (Central Counterparty - CCP):** JSE Clear acts as the CCP for all transactions in the JSE's derivatives markets, including equity, currency, interest rate and commodities derivatives. This involves interposing itself between the buyer and seller, thereby guaranteeing the performance of the contract. **Risk Management:** JSE Clear employs various risk management measures to mitigate counterparty credit risk, including initial and variation margins, daily stress testing and back-testing of margins to ensure adequacy. It maintains a Default Fund to cover losses in the event of a clearing member default. **Clearing and Settlement:** JSE Clear is responsible for clearing and settlement of all derivatives transactions, including the receipt of trades from matching engines, facilitation of post-trade activities and daily reconciliation and settlement processes. Settlement involves the exchange of margins, fees and other components related to derivatives transactions. **Collateral Management:**	

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		(b) the clearing member's default waterfall, outlining the sequence of actions in case of default (c) whether the client's collateral is protected on an individual or omnibus basis; and (d) whether there are any legal or operational constraints that may impair its ability to segregate or transfer a client of a clearing member's positions and related collateral.	JSE Clear manages collateral posted by clearing members, ensuring eligibility criteria are met and appropriate valuation, including the application of haircuts and concentration limits to mitigate risk. **Regulatory Compliance:** JSE Clear operates under the Act and adheres to global regulatory standards, including the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI). Its governance structure includes a Risk Committee and a Board of Directors overseeing risk management policies and regulatory compliance. **Clearing Members:** **Clearing and Settlement:** Clearing members clear trades on behalf of trading members and their clients, guaranteeing the performance of these trades to JSE Clear. They ensure all trades are settled according to JSE Clear's rules and timelines. **Margin Requirements:** Clearing members post initial and variation margins to JSE Clear, calculated based on the risk associated with their positions and updated regularly. They contribute to the Default Fund, used to cover losses in case of a default by another clearing member.	

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			Risk Management: Clearing members manage their risk exposures, maintaining adequate capital and liquidity levels to meet their obligations. They are subject to regular monitoring and stress testing by JSE Clear. **Compliance and Reporting:** Clearing members comply with all regulatory requirements and JSE Clear's rules, including providing accurate and timely reports on capital adequacy. They must notify JSE Clear of significant changes in their financial condition or risk profile. **<u>Strate (Central Securities Depository - CSD):</u>** **Central Securities Depository (CSD):** Strate is principal CSD and central collateral platform. **Collateral Management:** Strate offers a central collateral platform facilitating the use of securities as collateral for derivative positions, enhancing liquidity by reducing the demand for cash collateral **Integration with Market Infrastructure:** Strate uses technology platforms to connect critical players in the financial market ecosystem, supporting seamless communication and transaction processing related to derivatives.	Disagree. Please see earlier response to this comment 91. Please see earlier response to this comment 91. Please see earlier response to this comment 91.

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			In summary, while JSE and JSE Clear are primarily responsible for the trading, clearing, settlement, and risk management of derivatives transactions, clearing members are tasked with clearing trades on behalf of trading members and their clients. Clearing members guarantee the performance of these trades to JSE Clear and ensure that all trades are settled according to the rules and timelines set by JSE Clear. Strate supports these activities through its collateral management and settlement services. Together, these entities enhance overall market efficiency and liquidity. However, currently, JSE Clear is the only entity considered a “CCP” in the derivatives space in SA and there are no other licensed “CCPs” in this domain. Therefore, writing codes for standards of conduct between FMIs in this space may be premature, given the lack of detailed understanding and the necessary framework to ensure interoperability between CCPs. While we understand that this draft paper aims to address the behavior of FMIs and is not intended as a detailed technical framework, it lacks essential and critical details. This absence makes it exceptionally difficult to see how it can be implemented, measured, and enforced without a detailed framework, especially in an	Please see earlier response to this comment 91.

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			environment that may have multiple licenses with common securities traded across common trading entities through different CCPs. The draft Requirements for CCPs tends to cover legislative requirements related to licensing but may not necessarily provide sufficient detail on how this will function in a competitive environment should the FSCA allow for multiple licenses. Despite these challenges, there is a strong conviction that the legislative frameworks governing financial activities should remain distinct and clear, avoiding any overlap that could complicate compliance efforts. It is essential to ensure that regulatory boundaries are clearly defined to prevent conflicts within the regulatory environment. Identifying where risks lie is crucial, and it is important not to introduce unnecessary layers of friction and regulation that could be detrimental to the market. The framework should be directly aligned with the appropriate pieces of legislation to maintain clarity and effectiveness.	
92.	JSE	9(2)(b) –"market participant"	With reference to our general comment 2 and our comment on the definition of 'market participant', it is unclear whether the FSCA intends the term 'participants' to mean 'participant' as defined in the FMA or 'market participant' as defined in the draft Conduct Standard. We urge the	Please see response to same comment by the commentator in comment 23 above.

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			FSCA to provide clarity with more precise terminology.	
93.	JSE	9(2)(b) – Non-clearing members or participants	While some foreign CCPs have a category of market participant known as a "non-clearing participant" (referring to a person or entity appointed by a clearing member to receive a specified service from the clearing house), JSE Clear does not, and will not in the foreseeable future, allow for this type of participation. We are unsure as to the need and the benefit of introducing this category of participant, and therefore do not see the need for CCPs to receive any instructions or information from these non-clearing participants in the future. The JSE Clear rules regulate matters in respect of trading members and clients whose transactions are cleared by JSE Clear, but JSE Clear's role as a CCP and clearing house in respect of these transactions does not equate to a "reliance on information from non-clearing participants".	The approach of JSE Clear is noted. The FSCA acknowledges that JSE Clear does not recognise a category of "non-clearing participant", and that all transactions cleared by JSE Clear are conducted through clearing members in accordance with its rules. The FSCA further notes that JSE Clear does not currently rely on, nor receive instructions directly from, non-clearing participants in the performance of its CCP functions. References to non-clearing participants in the draft Conduct Standard are not intended to mandate the introduction of such a category or to require CCPs to alter their existing participation models. The intention is to ensure that, where a CCP elects to recognise such arrangements, appropriate governance, information-flows, and accountability frameworks are in place. The FSCA agrees that the Conduct Standard should not be interpreted as requiring CCPs to introduce non-clearing participant arrangements, nor as implying that CCPs must rely on information or instructions from entities other than clearing members. The FSCA accepts that a CCP's reliance on information from clients or trading members does not equate to reliance on non-clearing participants in the sense contemplated in certain foreign jurisdictions. The CCP's primary legal and risk relationship remains with its clearing members, as reflected in its rules.
94.	JSE	9(2)(d) - Waiver of rules	JSE Clear (and all other licensed market infrastructures) derives its powers from the provisions of the FMA, and it may not exercise any powers beyond those conferred by the statute. The FMA provides, in peremptory terms, that JSE Clear must enforce all	Comment noted. We acknowledge that a licensed market infrastructure, including a CCP, derives its powers from the FMA and is required to enforce its rules on an equal, non-discriminatory basis, including its admission rules. The FSCA agrees that a CCP may not waive or selectively apply its rules in a manner that

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			its rules on an equal basis, including admission rules. It would be unlawful and impermissible for JSE Clear to decide when to apply its admission rules and when to waive them. A waiver of rules is also in conflict with the rule of law principle: In deciding whether to admit or reject a membership application, JSE Clear will be subject to its rules, as well as the Promotion of Administrative Justice Act 3, as its decision to admit or reject will constitute administrative action. Any such decisions must be reasonable, lawful, and procedurally fair. The FMA imposes an obligation on a market infrastructure to enforce all its rules, and JSE Clear is not afforded with a discretion to release any regulated person from compliance with its rules, regardless of the rationale thereof. Any waiver of rules, as suggested in paragraph 9(2)(d), would be in conflict with the peremptory provisions of the FMA, *ultra vires* the powers afforded to a market infrastructure, and void.	would be inconsistent with the FMA or the requirements of the Promotion of Administrative Justice Act, 2000. It should however be noted that section 53(2A) of the FMA specifically empowers that Regulations or standards may prescribe additional matters to those listed in section 53(2) that must be contained in the clearing house rules. "prescribed" per section 1 of the FMA means prescribed by the Minister by regulations, or by a conduct standard or a joint standard; In other words, the FSCA is explicitly empowered to prescribe additional matters that must be contained in the clearing house rules, which is what is intended with section 9 of the Conduct Standard. Accordingly prescribing these requirements are not in conflict with the peremptory provisions of the FMA, nor ultra vires, or void.
95.	JSE	9(2)(d) – Waiver of rules	Further to our comments above, and on a more practical level, proportionality is a general concept that is regularly and effectively applied in regulation, given the different size, nature, and complexity of the business of regulated firms and applicants. But achieving proportionality does not require rules to be waived. The rules regarding admission requirements for clearers, and the application of those	See response directly above.

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			rules during the assessment process, should adequately cater for proportionality without requiring any of those rules to be waived. We therefore request that the paragraph dealing with the waiver of rules be deleted.	
96.	JSE	9(2)(e) – Inactive clearing members	There could be a number of valid reasons as to why a clearing member opts to cease activity in a particular market, and this should not immediately prejudice or impact their overall membership of the CCP, particularly in light of the fact that established rules and processes exist for the voluntary termination of a clearing member's membership of the clearing house. We do not believe that special provisions are required in a CCP's rules for clearing members that choose to be inactive but continue to meet the membership requirements.	Noted. The purpose of requiring a CCP's rules to make provision for the treatment of inactive clearing members is not to penalise or disadvantage clearing members that elect to cease activity in a particular market, nor to require their removal from CCP membership. The intent is to ensure that CCPs have clear, transparent, and predictable rules addressing the regulatory, operational, and risk management implications of inactivity. acknowledge that clearing members may become inactive for legitimate commercial or strategic reasons, and that inactivity does not, in itself, imply heightened risk or non-compliance. Section 9(2)(e) is not intended to require automatic suspension, termination, or additional obligations for such members, particularly where they continue to meet all membership requirements. From a supervisory and risk perspective, prolonged inactivity may nonetheless raise questions regarding: • continued operational readiness to meet obligations in the event of reactivation; • adequacy of systems, staffing, and default management capabilities; • ongoing compliance with prudential and operational requirements; and • clarity around the process for resuming activity. We are of the view that having provisions in CCP rules help ensure consistency, transparency, and legal certainty, both for the CCP and its members. Section 9(2)(e) is intended to complement—not duplicate—those processes by addressing the status of clearing members who remain members but are inactive.

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				Please see proposed changes to section 9(2)(e) to clarify the intent.
97.	JSE	9(2)(f) - Insurance requirements	We support the proposal that a CCP's rules should address business continuity and disaster recovery arrangements for its clearing members. However, the FMA does not invest a CCP with the power to adopt rules which prescribe or impose insurance requirements on a clearing member. Clearing members are typically banks, and a CCP is not in a position to prescribe what insurance a bank must have in relation to its clearing activities.	The FSCA disagrees. Having insurance in place constitutes risk managements measures as referred to in Section 53(2)(e). It does not prescribe the insurance products that a bank must hold – this a misinterpretation of the provision. The intent of the provision is to ensure that CCPs' rules address the operational resilience of clearing members, particularly where the failure of a clearing member's systems or operations could have systemic implications for the clearing system as a whole. As responded to comment 91 above, section 53(2A) of the FMA specifically empowers that Regulations or standards may prescribe additional matters to those listed in section 53(2) that must be contained in the clearing house rules. "prescribed" per section 1 of the FMA means prescribed by the Minister by regulations, or by a conduct standard or a joint standard; In other words, the FSCA is explicitly empowered to prescribe additional matters that must be contained in the clearing house rules, which is what is intended with section 9 of the Conduct Standard
98.	JSE	9(2)(g) – Unsettled contracts	The proposal for provisions in the rules for unsettled contracts for clearing members ceasing to be members of a central counterparty is acceptable, and is currently catered for by the JSE Clear rules. But the proposal to have provisions for unsettled contracts for newly admitted clearing members is only applicable if a CCP adopts a principal-to-principal model, and cannot therefore be imposed on all CCPs. Most other international CCPs adopt the principal-to-principal model in	The recommendation is accepted.

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			which all contracts cleared by the CCP are between the CCP and the clearing members, following a novation or substitution process, and not between the CCP and the trading market participants. A CCP with a principal-to-principal model would, of necessity, have to make provision for dealing with unsettled contracts where a trading participant becomes a clearing member, because it would result in the contracts between the CCP and the trading participant's previous clearing member having to be transferred to the newly admitted clearing member. JSE Clear has adopted the agency model, in which the contracts cleared by the CCP are between the CCP and the trading market participants, again following a novation or substitution process. If a trading market participant becomes a clearing member, that doesn't change who the CCP contract is with, as it will remain with that trading market participant even though that trading market participant is now also a clearing member. A CCP applying the agency model (as JSE Clear does) will not have newly admitted clearing members with unsettled contracts. Therefore, the conduct standard should not oblige all CCPs to make provision for unsettled contracts for newly admitted clearing members. We therefore recommend that paragraph 9(2)(g) be amended as follows: "make provision in its rules for	

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			the handling of unsettled contracts for newly admitted clearing members**, if applicable,** …"	
99.	JSE	9(4)(a) and (b) – Account structures	We are of the view that subparagraphs 9(4)(a) and (b) may be conflicting, as 9(4)(b) allows omnibus client accounts, which would not allow identification of an individual client's positions as is required by 9(4)(a).	The reference to omnibus client accounts has been removed.
100.	JSE	9(5) - Disclosures	Subparagraph 9(5) is unclear regarding who the prescribed disclosures must be made to and the manner in which the disclosures must be made, e.g. on the CCP's website, via email or via an encrypted portal? Furthermore, we submit that the phrase in section 9(5)(b) 'the clearing member's default waterfall' should be replaced by 'the central counterparty's default waterfall'.	Agreed. See proposed drafting refinements to clarify. The recommendation is accepted.
CHAPTER 4 REQUIREMENTS FOR EXCHANGES				
10. General requirements for exchanges				
101.	JSE	10(1) to (5) Time synchronization to a primary standard	The requirement to synchronize to South African national standard time implies that a NTP protocol is being prescribed. Our recommendation is to rather use PTP, as it is more in line with global standards and minimizes time drift. The JSE already makes use of PTP. Although NTP is a widely known protocol, which can typically provide an accuracy in the order of tens of milliseconds, NTP packets are typically processed by software, which is slow and creates significant delay, and latency can vary in an	Agreed. It is recommended that PTP be used as it is in line with global standards to avoid conflicting time zones. Please consider revised wording to section 10(2)

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			unpredictable way due to the way time-stamped packets are transmitted. For the reasons above, NTP cannot keep up with the time synchronisation requirements adopted by the SEC and ESMA. PTP is more precise and facilitates interoperability with international markets. Therefore, implementing a NTP protocol is tantamount to adopting legacy timing architecture. A 5-millisecond allowance for time drift is far too long, given (i) the degree of interconnectedness with global markets, and (ii) it is being proposed in the context of a NTP time protocol, where most markets are using PTP. This would inevitably create significant opportunities for time arbitrage across venues. MiFID currently prescribes a range of 500 microseconds to 1 millisecond. The dissemination of timescales is already made available via the respective time sync services related to each API, therefore there is no need for it to be done by exchanges. The conduct standard should also provide clarity on what the requirement to provide server health information in paragraph 10(2)(c) means.	'Server health information' typically refers to high-level indicators that allow a receiving system (another exchange or authorised user) to determine whether the time source it is relying on is: • available and reachable; • operating normally; and • fit for use for time dissemination purposes. It usually includes indicators such as: • whether the time server is online or offline; • whether it is synchronised to its reference clock;

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				• whether it is experiencing degraded performance (e.g. loss of synchronisation, excessive jitter); • basic status flags or alarms (normal / warning / error). Please see amended section 10(3)(c) that provides additional clarity on the requirement.
102.	NPWS	Section 10 (1-5), "Time synchronisation to a primary standard"	Tech Upgrades The trading systems used by stockbrokers need to be resilient, reliable, and able to withstand the strain that high-frequency trading puts on the market. It is crucial to guarantee system capacity and dependability. It can take a lot of resources to coordinate technological updates and make sure that they work with changing market infrastructure requirements. The impact will be great, also consider the following: • A2X more institutional – post trade. • All governed by BDA – only settlement system at the moment. Broker needs to implement own systems – omnibus. • Infrastructure – onboarding, payments via BDA, withdrawals, online share trading website re-write, reporting, tax certificates swift settlements, conservatively R 100 mil – starting from scratch. External party.	The FSCA recognises that the implementation of the Standard may rise to new operational costs. The concern raised are however difficult to meaningfully respond to in the absence of detail of the exact implications and expected costs. It is important to clarify that paragraph 10 places the primary obligation on exchanges, not brokers. Specifically, exchanges are required to: Synchronise their systems to a primary time standard, and Disseminate time information in a consistent and reliable manner. From a practical perspective, we acknowledge that there may be indirect impacts on brokers, particularly those that operate latency-sensitive trading systems, engage in algorithmic or high-frequency trading, or connect to multiple exchanges. Such brokers may need to ensure they can correctly consume the exchange-provided time feed, and that their internal systems can reliably interpret and apply the disseminated timestamps. However, this constitutes incremental alignment rather than a wholesale rebuild of trading, settlement, or infrastructure systems. We also recognise the concern regarding potential cost and operational impacts. To be clear, the requirement does not mandate brokers to: • Implement independent primary time sources;

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			Smaller brokers – barrier to entry. • Negatively impact SA brokers – overseas brokers can use own, existing systems. Rolling of settlement not prevalent in SA atm, due to contractual settlement. Impact on retail clients if not able to settle.	• Rebuild or replace their existing trading or settlement systems; or • Adopt high-frequency-grade infrastructure to achieve compliance. Any adjustments expected of brokers should therefore be limited, proportionate, and focused on the proper use of the time information provided by exchanges, rather than significant system redevelopment. Importantly, the FSCA remains conscious of the need to avoid unintended barriers to entry, particularly for smaller brokers. The conduct standard is not designed to force costly technological overhauls or to place domestic firms at a disadvantage relative to larger foreign brokers that may already operate advanced systems. The commentator is invited to provide more detailed information on the expected impact and cost implications when commenting on the next iteration of the Conduct standard.
103.	SAIS	**<u>10. General requirements for exchanges</u>** ***Time synchronisation to a primary standard*** (1) An exchange must synchronise its clock to the primary standard of measurement for time in the Republic to ensure the precision and accuracy required for time sensitive trading strategies.	The SAIS notes that these requirements need to be properly co-ordinated between exchange. It must be seamless and automated to ensure fair market practice and efficiency for all. Interoperability, at its core, is the ability of different systems, technologies, or software to communicate and operate cooperatively despite inherent differences. We concur that many efficiencies can be gained through interoperability and links between exchanges where common listed shares are executed through common Authorised Users. These arrangements can range from	Exchanges may co-ordinate in order to ensure that they meet the requirements of the section. Noted.

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		(2) An exchange must disseminate the timescale via a method agreed by exchanges that list common securities or have common authorised users that provides for- (a) a correction for network delays; (b) server authentication; (c) server health information; (d) server accuracy information; and (e) leap second notification. (3) An exchange must have in place adequate arrangements to ensure – (a) it regularly monitors the clock it uses for recording the time and date in its trading, compliance monitoring and reporting systems to ensure it remains synchronised; and	relatively simple agreements to more complex interoperability arrangements involving technical interfaces between separate operating platforms. Increased cooperation and interoperability hold multiple benefits. Establishing interoperable links between exchanges can lead to a more efficient, resilient, and integrated financial market, benefiting market participants, investors, and the broader economy. It fosters competition, innovation, and access to a wider range of investment opportunities, ultimately contributing to the stability and growth of the financial market. Defining a detailed framework for interoperability is imperative, as a broad and undefined approach can lead to ambiguity and confusion. This framework must explicitly outline specific permissions, protocols, and responsibilities to ensure clarity, compliance and effective coordination among exchanges. The detailed framework should be defined and encompassed within the contractual and operational arrangements between the exchanges. These arrangements need to cover regulatory regimes and boundaries, protection of private data, conflict of interest, technical specifications, and commercial considerations. Since FMIs are for-profit entities with their own proprietary information (IP), these arrangements must first be	Please see response to comment 90.

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		(b) when required, re-setting the clock it uses for recording the time and date in its trading, compliance monitoring and reporting systems. (4) An exchange must set the clock it uses for recording the time and date in its trading system, monitoring and reporting system so that it is synchronised to within 5 milliseconds of the South African national standard for time. (5) Where an exchange relies on another person to provide any aspect of their trading, compliance monitoring or reporting systems that records the time and date, the exchange must take reasonable steps to ensure that such person synchronises	mutually agreed upon, including specific liability arrangements such as those in legal contractual agreements. **<u>Time synchronisation to a primary standard</u>** That being said, the Code of Conduct in connection with time synchronisation to a primary standard appears to be clear and specific within the international technological space and, therefore, is believed to cover what is necessary to keep timekeeping across technology platforms synchronized. The communication between the exchanges would need to be detailed and clearly defined between the exchanges. **<u>Tick Sizes:</u>** It is imperative that all exchanges trading the same shares with Authorised Users align with the same regulation. Aligning tick sizes is of utmost importance as it impacts multiple systems, not just the trading platform. There are downstream effects on Authorised Users that will be impacted if there are changes. Therefore, any advancements or changes must be agreed upon by the market to ensure that there are no unintended consequences. It is essential to allow for industry comments on the tick sizes to be determined by the Authority prior to final publication. This consultation process will help mitigate risks and	Noted. Please see response to comment 7.

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		the clock used for that purpose to within 5 milliseconds of the South African national standard for time and has arrangements in place to adhere to the above. ***<u>Tick sizes</u>*** (6) An exchange must only use tick sizes equal to or higher than the value as determined by the Authority by notice on its website, and must not accept, display or queue orders in an order book if the tick sizes are less than the tick size as determined by the Authority. (7) An exchange must administer the tick size regime as determined by the Authority, calculate and calibrate quoted spreads, determine applicable increments, and publish such relevant information	ensure that the changes are practical and beneficial for all market participants and market practitioners. Additionally, it is crucial that tick sizes across exchanges are aligned where common securities are executed, and common Authorised Users operate. Consistency in tick sizes will enhance market efficiency and reduce potential arbitrage opportunities, ensuring a level playing field for all market participants. Harmonising tick sizes across exchanges will also facilitate smoother operations for Authorised Users who participate in multiple exchanges, reducing complexity and potential errors. In summary, while the draft code of conduct standards for tick sizes aim to promote consistency and transparency, it is vital to involve industry stakeholders in the decision-making process. This approach will ensure that the tick size regime is effective and aligned with the needs of the market, thereby supporting fair and efficient trading practices. **<u>High Frequency Trading</u>** With the growing prevalence of automation and high-frequency trading (HFT), it is essential to evolve regulatory frameworks to preserve market integrity, mitigate systemic risks and maintain the international competitiveness of SA financial markets. Technological	Recommendation is accepted. Please see insertion in section 10(9).

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		related to the tick size regime, quoted spreads and applicable increments on its website. ***<u>High Frequency Trading</u>*** (8) An exchange must introduce rules against flash orders and impose mandatory circuit breakers and a structural delay in processing orders by milliseconds for authorised users regularly engaging in high frequency trading. (9) An exchange must have in place suitable trading control mechanisms, including trading halts, volatility interruptions, limit-up-limit-down controls, to deal with	advancements enhance efficiency but also introduce complexities in risk management. These complexities require a thoughtful balance to safeguard market integrity and ensure orderly functioning. To achieve this balance, it is crucial to avoid unintended consequences such as barriers to entry, unlevel playing fields, significant costly impacts and regulatory arbitrage. A complete and nuanced understanding is required to formulate regulations that are just, equitable and reflective of the collective will of the market community. The objective is to develop regulatory mechanisms that align with international standards while bolstering the resilience of our local market and creating a safer environment for all market participants. However, we must understand our local market's unique characteristics and nuances and cannot afford to venture too far, as this could hamper growth, introduce risks and incur costs that could drive market participants and investors away from SA markets. The current draft codes of conduct regarding high-frequency trading are in line with current exchange rules and regulations and support existing legislation of exchanges; however, these codes do not address how these Conduct Standard will be executed, managed and monitored across exchanges where there are	Noted. Noted. The consultative approach in developing the Conduct Standard is intended to receive and consider comments from relevant stakeholders. These

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		volatile market conditions caused by high frequency trading. (10) An exchange must, before allowing authorised users to engage in high frequency trading – (a) ensure that its trading systems are robust, resilient, have sufficient capacity, and are able to ensure orderly trading under conditions of market stress caused by high frequency trading; and (b) require that its authorised users ensure their systems are resilient and have sufficient capacity to ensure orderly trading when engaging in high frequency trading.	common Authorised Users who trade common listed shares. Defining a detailed collective and collaborative framework is imperative, as a broad and undefined approach can lead to ambiguity and confusion. This framework must explicitly outline specific permissions, protocols and responsibilities to ensure clarity, compliance and effective coordination among exchanges. The detailed framework should be defined and encompassed within the contractual and operational arrangements between the exchanges. These arrangements need to cover regulatory regimes and boundaries, protection of private data, conflict of interest, technical specifications and commercial considerations taking into account Authorised Users requirements and legal rights. It is important to understand that once a collaborative agreed framework has been adopted and exchanges have aligned regulations, it would be beneficial to establish standards that allow for a single Application process for Authorised Users when applying to trade HFT. This approach would avoid duplication, reduce additional costs and minimise layers of complexities and risk. Additionally, it is crucial to understand regulatory boundaries and, where possible, avoid duplication of regulation by multiple exchanges. It is essential to make clear which exchange will regulate, validate,	comments are critical for the FSCA to develop a framework that is fit for the SA market. The Conduct Standard is a regulatory framework and the monitoring of the implementation will form part of the supervisory duties of the FSCA. As such, the supervisory teams in the FSCA will assess the compliance of market infrastructures with the requirements of this Standard. Non-compliance with the Standard will attract regulatory action as set out in the FSR Act. The Conduct Standard would support a collaborative approach to be taken by exchanges. However, the

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			manage and monitor these systems and ensure all technical requirements have been met as per rules. The effectiveness of multiple exchanges enforcing and applying these changes is central to the successful implementation of regulation. Therefore, a focus on enhancing the Exchanges capacity in these areas becomes instrumental, ensuring that the regulatory framework evolves in a manner that aligns with market needs while upholding the principles of fairness, transparency and efficiency. The SAIS and its members believe there is a real need for an independent third-party regulatory entity, such as a public-private partnership (PPP), that would centralize data collection and regulation to assist the FSCA and market participants. This entity would help manage and regulate high-frequency trading and other market activities, ensuring there is no duplication of efforts across exchanges. The SAIS is dedicated to diligently advocating for the representation of diverse views from across the financial market sector in discussions. Our commitment is rooted in the belief that legislative development should not only be effective but also equitable, carefully balancing market efficiencies with the principles of	Conduct Standard is not prescriptive on all aspects – allowing room for market infrastructures to negotiate the terms that will govern collaboration. Such terms will invariably take account of the specific needs of market infrastructures. The proposal is noted, however does not directly relate to the content or proposals in the Conduct Standard. The suggestion relates to broader stakeholder engagement and the policy approach to regulating the financial markets and the comment has not been responded to for purposes of this consultation report. It is suggested that the commentator engage National Treasury as the policymaker with proposals of this nature. .

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			fairness and increasing and growing liquidity within our market. Ensuring that risk controls are effectively managed by members and not solely by the exchange is considered vital to maintaining market integrity. The seamless application of the proposed draft codes across exchange necessitates vigilant supervision, monitoring and enforcement. The proposed draft Conduct Standard should be implemented in a manner that is mindful of the potential costs, capacity challenges, and the need to maintain a diverse and competitive marketplace. It is crucial that any new measures are communicated clearly, applied consistently and allow for the unique needs of different market participants, from the smallest broker to the largest international firm. **Industry Diverse views and comments on HFT & Risk management:** - **Viewpoint 1:** **HFT - Additional Filters at Exchange Level for Standardisation**. Proponents of this view advocate for integrating additional pre-trade risk filters into the Exchanges trading platform system, emphasising that this move would significantly enhance standardisation across the board. Such integration is proposed not only to streamline order entry and execution but also to control system	Noted. The proposal is noted. However as it does not relate to the content of the Conduct standard it will not be responded to in detail.

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			costs and complexities, ensuring equitable treatment for all market participants. This strategy mirrors practices in various international markets where centralised risk management systems are employed to ensure uniform risk assessment, thus bolstering market stability and integrity. This method is considered efficient, effective, equitable and cost-effective solution currently available. Centralising risk filters at the exchange level is expected to maintain consistency in order processes, regardless of each broker's size, complexity, or capability. This approach could level the playing field, allowing all market participants, irrespective of their technological and financial capacities, to operate under a unified risk management framework. Moreover, a centralised system of risk management would likely simplify regulatory compliance and oversight. It would enable the exchanges to implement and enforce market-wide risk controls more efficiently, underscoring its commitment to fostering an attractive, fair and well-regulated market environment. Additionally, this approach is not only practical but also potentially quicker to implement compared to other methods, offering a streamlined path toward enhancing market robustness and fairness.	Noted.

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			Viewpoint 2: **Broker-Level Risk Filters as per International Standards for HFT's** A ~~notable~~ segment within the membership ~~strongly~~ supports the maintenance of risk filters at the broker level, a stance that aligns with practices in several international jurisdictions. This approach stands in ~~stark~~ contrast to the concept of **'Naked Market Access',** often referred to as **'unfiltered access'** or 'sponsored naked access'. In such scenarios,0 a trading member grants a client direct access to the exchange's trading system without any pre-trade validation, bypassing the member's established order management controls and filters, which is consider extremely dangerous and introduces multiple levels of risk. Globally, regulatory bodies such as the Securities and Exchange Commission (SEC) in the United States have categorically banned naked access across all securities exchanges under their jurisdiction. This prohibition is enforced by requiring that all orders are subjected to a broker's pre-trade risk filters before submission to a trading system. Comparable regulations are in place in the United Kingdom, the European Union and Australia, where client orders must pass through member-implemented risk controls before entering a trading system.	
		Transfer of listings between Exchanges (11) A primary listing may only be transferred from one primary exchange to another without the primary exchange requiring the issuer		

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		to go through the delisting process, if - (a) such transfer is approved by the issuer regulation committee of both exchanges, and (b) the issuer complies with the listing requirements of the other exchange. ***<u>Detect and deter manipulation</u>*** (12) An exchange must implement appropriate	Proponents of broker-level risk filters for HFT's argue that brokers' close client relationships and deep understanding of their trading strategies uniquely position them to effectively manage risk controls. This setup enables brokers to apply proprietary systems and controls, tailored to their distinct risk profiles and trading behaviours, fostering innovation and competitiveness in developing advanced risk management solutions. Furthermore, this model places the onus of risk management squarely on brokers, ensuring that orders placed on the exchange are rigorously vetted through specialised risk filters. This process not only minimises the risk of erroneous trades due to system malfunctions or human errors but also upholds the integrity of the trading process. Concerns about the potential unintended consequences of adopting a more centralised approach to risk control HFT's. They argue that their substantial investment in advanced technology not only provides them with a competitive edge but also contributes to the overall efficiency and safety of the market. These members Brokers who have invested significantly in technology to enhance their risk management capabilities express caution that shifting towards	

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		procedures to prevent, detect and deter market manipulation, fraud and other unfair trading practices and report any instances of market abuse or unfair and abusive trading practices to the Authority as soon as practically possible.	a more standardised, exchange-level risk management system could negate their efforts and investments, potentially leading to unintended consequences that could disrupt the market's competitive balance and operational efficiency. Members advocating for maintaining broker-level risk management have concerns about the potential unintended consequences of adopting alternative, more centralised approaches to risk control. They caution that such changes could inadvertently pave the way for concepts like sponsored membership. This shift, they argue, could have significant and detrimental effects on the market. These members are wary that moving towards a system where risk management is primarily handled at the exchange level might lead to a situation where brokers and their clients are granted what is effectively sponsored access to the market. In their view, this could disrupt the current balance of responsibilities and controls within the market, potentially leading to issues in market dynamics, competitive fairness and operational integrity. The apprehension is that sponsored membership might reduce the direct oversight and bespoke risk	

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		Management of large exposures (13) An exchange must implement appropriate procedures for the proper management of large exposures, default risk and market disruption.	management that brokers currently apply based on their specific client relationships and trading strategies. Such a development could undermine the role and value of brokers in the local trading ecosystem and lead to international market access that may not be beneficial for SA markets. This could have unintended consequences, negatively impacting local market participants and potentially resulting in the flight of international members who are locally based. A key worry is that such a change might not align with the unique dynamics of the SA market, possibly leading to a situation where the services and offerings of local brokers are overshadowed or rendered less competitive. This could have the unintended consequence of diminishing the appeal and utility of local brokers for both domestic and international clients. Moreover, there is an apprehension that this shift could trigger the withdrawal of international members who are currently based locally. If these members perceive that the new system does not offer them the distinct advantages or tailored approaches they currently enjoy, they might opt to relocate their operations or redirect their focus to other markets. Such an outcome could	

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			significantly reshape the financial market composition, impacting not only the competitive landscape but also the overall vibrancy and diversity of the local financial market. Therefore, these members urge careful consideration of any shift towards more centralized risk control systems, emphasising the need to thoroughly evaluate all possible outcomes and impacts to prevent any adverse effects on the market's health and competitiveness. ***Transfer of listings between Exchanges*** The FMA mandates that exchanges implement measures and create a market conducive to issuer listings. It states that exchanges must have proper processes and procedures in place for primary listings and appropriate measures to manage any potential market risks. While the intention to transfer a primary listing from one exchange to another without requiring the issuer to go through the delisting process is admirable, specific coordination is needed to manage potential unintended consequences for market participants and investors alike. Currently, retail brokers are not entitled to trade on A2X. Should a	

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		Order execution (14) An exchange must ensure that its rules for order execution are clear and that orders are executed fairly, promptly and in compliance with regulatory requirements.	primary listing move from the incumbent exchange, JSE, it is crucial to consider how retail brokers and investors would be affected and how they would be able to trade these shares on the alternate exchange. If this is not possible, it could negatively impact the liquidity of the transferred shares, as retail brokers would be locked out of trading these shares until the status quo changes. Understanding the market dynamics around trading these shares is essential to grasp the potential unintended consequences of such a move. Guaranteeing a seamless transition while preserving investor confidence might be challenging. As exchanges operate as for-profit entities, agreeing on the terms of such transfers might be difficult due to fiduciary duties to their shareholders and the commercial aspects connected to their listings. Local exchanges must ensure that cooperative agreements and frameworks detail how they will collaborate and work together, expanding on regulatory boundaries, processes, and procedures. The SAIS believes that there should be advisory "regulation" committees comprising all relevant parties, including exchanges, Authorised Users and industry bodies, to facilitate	With respect to the comment on retail brokers, the Conduct Standard does not mandate changes to exchange membership rules or grant trading rights to brokers that are not currently authorised on a given exchange. If retail brokers are not permitted to trade on the receiving exchange, the FSCA expects the exchanges to: (a) consider transitional arrangements; (b) coordinate with market participants; and (c) ensure appropriate disclosure to investors regarding the impact of the transfer on trading access and liquidity. The transfer of listings will not be outside the scope of the FMA or the exchange's listings requirements. There is still an obligation on the issuer and the exchange to comply with the listing requirements of the exchange and the requirements in section 10(11) of the Standard. The FSCA also confirms that any listing transfer must be carefully coordinated between exchanges, consider market access limitations for brokers and investors and be transparently communicated to market participant The FSCA notes the proposal on the establishment of advisory regulation committees, however, on a principle level, the transfers must adhere to the FMA first and foremost section 11 and the listings

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			these transfers. This collaborative approach will help address any potential issues and ensure a smooth transition for primary listings between exchanges. ***Detect and deter manipulation*** Exchanges have put in place robust rules and regulations to deter Authorised Users from engaging in market manipulation. They have functionality that monitors and assesses member trading patterns post-trade to effectively identify irregular trading behaviours. However, exchanges do not currently have systems in place to prevent market manipulation from taking place. Authorised Users must therefore establish robust policies to identify and prevent fraudulent activities, market manipulation and unfair trading practices as per exchange rules and regulations. It is critical for Authorised Users to report instances of market abuse to the Authority as soon as possible. Balancing surveillance efforts with efficient trading execution poses a significant challenge. With the introduction of multiple exchanges, detecting and deterring market manipulation across exchanges with common securities trading has become increasingly difficult and costly. This complexity	requirements of the exchange must be complied with and then the requirement in section 10(11) of the Standard. While we take note of the suggestion but for regulatory certainty we prefer that the listings process as prescribed in the FMA, the exchange listings requirements and the requirement in the Standard be followed to enable and facilitate such transfer.
		Default procedures (15) An exchange must have well-defined procedures for handling defaults by authorised users, including the use of default funds to cover losses.		

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			and the costs of systems could become a barrier to entry for many members. Effective monitoring of market manipulation across local markets is challenging, especially where common shares are traded by common Authorised Users. It is presumed that detection efforts would currently span all local markets, and not dual-listed offshore markets as well. However, this may need to evolve over time. The advent of COVID-19, hybrid working models and the widespread use of cell phones and social media have made monitoring market manipulation increasingly difficult. Exchanges should consider adopting new systems and platforms that can detect market manipulation across market participants and exchanges, as this would be more cost-effective than leaving each member to manage it independently. Authorised Users would need to conduct a risk assessment based on the products they trade, their client base and the complexity of their business to manage this risk appropriately. Therefore, the measures in place should be proportionate and commensurate with the Authorised User's business and risk model and may vary across members. Centralising detection efforts at the exchange level would be far more efficient and effective. Exchanges	

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			would need to determine how to share information and who would be accountable and will manage and monitor market manipulation across trading platforms. A detailed framework with the necessary contractual agreements would be required. This situation once again highlights the potential benefit of an independent third-party regulator to centralise detection efforts. It may be too difficult for each member to maintain their own systems without the ability to monitor across markets comprehensively. Some members have voiced that if such a system is not managed by an independent party, it should be centralised at the exchange level due to the associated costs and complexities. Centralised monitoring at the exchange level would ensure a more cohesive and efficient approach to detecting and deterring market manipulation. ***Management of large exposures*** This rule is exceptionally broad and there is no exchange that does not already have these rules, processes and procedures in place to ensure that brokers can manage these risks. To ensure an efficient functioning of an exchange it is critical for all members to have confidence in each members' financial stability and the	The proposal for a third-party regulator is noted, however, per the primary legislation governing the financial markets, this function falls within the exchanges as self-regulatory organisations and the FSCA as the market conduct regulator. The proposal does not directly relate to the content or proposals in the Conduct Standard. The suggestion relates to the policy approach to regulating the financial markets and the comment has not been responded to for purposes of this consultation report. It is suggested that the commentator engage National Treasury as the policymaker with proposals of this nature. Furthermore, having robust systems to detect fraud and market manipulations cannot be overemphasised as this is key to maintaining the market credibility.

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			ability to effectively manage risk. The inability of any one member to be able to meet a commitment may impact the financial solvency of other members, leading to market disruption and a decline in investor confidence. Consequently, appropriate capital adequacy standards and procedures are required to ensure a member's financial resources are able to withstand the risks to which its business is subject. Presently, both exchanges have rules in place that manage this risk, Authorised Users financial Stability and capital adequacy requirements. The JSE has a capital adequacy framework that includes managing large exposures, while A2X has Capital Adequacy requirement uses a Capital Exposure process to calculate and cover all exposure risks. Once again, the issue arises in how this can be managed and monitored across local exchanges. Achieving this without the sharing of information is challenging. Key questions include what information needs to be shared and how data privacy legislation will affect the sharing of client information. Are we focusing solely on large exposures for proprietary positions? Currently, both exchanges lack visibility into the positions and client risks of Authorised Users across each other. This lack of transparency is exacerbated by differing regulatory	Large exposures are not limited to proprietary positions. They relate to brokers or other participants whose positions, if left unmanaged, could threaten the orderly functioning of the market or systemic stability. This includes Authorised Users, and other market participants. The exchange must have rules and procedures to identify, monitor, and manage defaults that could affect market integrity or other participants. The requirement in the Conduct Standard for exchanges to implement procedures for the management of large exposures, default risk, and market disruption is not limited to proprietary positions.

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			requirements and the absence of a unified system for sharing information. Authorised Users use different administrative systems, and JSE rules mandate the use of BDA to calculate, manage and monitor capital adequacy and large exposures for equities. In contrast, A2X has its own Capital Exposure Calls process, “margining” to cover exposure risks. As it stands, the two licensed exchanges (JSE and A2X) manage these processes separately, which already poses significant challenges. Should the FSCA grant additional exchange licenses, the complexity and difficulty of monitoring and managing large exposures across multiple exchanges will increase substantially. The fact that exchanges clear and settle transactions separately, each with different capital adequacy models, further complicates the situation. The question around who would regulate “Capital Exposure”, where liability ultimately lies and who has first preference on guarantees is crucial. It is important to note that currently each Exchange is legislated to manage their own settlement risk. As Industry it would be imperative to ensure that capital requirements are not so different as to create a capital requirement arbitrage, potentially making it easier for some members to have less capital when trading on	It is intended to cover all participants and counterparties whose positions or defaults could materially affect the orderly functioning of the market. Limiting this requirement to proprietary positions would leave systemic risks unmanaged. Exchanges are therefore expected to identify, monitor, and manage large exposures arising from participant positions, including clearing members and Authorised Users, in line with international best practice and principles for financial market infrastructures.

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			different exchanges in common shares, which could introduce unintended consequences and risks. This highlights the need for a centralised system to effectively manage and monitor large exposures across all exchanges. Such a system would ensure that all relevant information is shared within the ambit of the law and that a comprehensive view of market risks is maintained. It would also help align regulatory requirements and administrative processes across exchanges, making it easier to monitor large exposures and ensure market stability. To ensure no conflict of interest and maintain independence, a potential solution could involve the establishment of an independent third-party regulator (PPP) to centralise these efforts. This entity would facilitate the sharing of information while adhering to data privacy legislation and ensuring that the monitoring and management of large exposures are conducted efficiently and effectively. This centralised approach would mitigate the risks associated with fragmented oversight and help maintain the competitiveness and integrity of SA financial markets. Having different capital adequacy and large exposure methodologies for each exchange would not be effective, as it would hamper growth and innovation and could hinder the	As commented to the same comment raised by the commentator throughout the proposal does not directly relate to the content or proposals in the Conduct Standard. The suggestion relates to the policy approach to regulating the financial markets and the comment has not been responded to for purposes of this consultation report. It is suggested that the commentator engage National Treasury as the policymaker with proposals of this nature.

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			competitiveness of the SA market. Therefore, a centralised system with the ability to comprehensively monitor exposures across markets is important. This centralised approach would support a cohesive regulatory framework, fostering a more resilient and competitive financial market. Members agree that if such a system is not managed by an independent party (PPP), it should be centralised at the exchange level due to the associated costs, complexities, fragmentation and lack of effectiveness and efficiencies. Centralised monitoring at the exchange level would ensure a more cohesive and efficient approach to managing large exposures, default risk, and market disruption. Currently, this does not seem feasible unless the entire settlement structure changes. Therefore, it is necessary to re-examine the end-to-end process and develop a detailed collective blueprint for the way forward. This blueprint should address the future of settlement and clearing in the cash equity space in SA and ensure alignment with global best practices, avoiding any deviation that could be detrimental to SA markets. ***Order execution*** This rule is exceptionally broad, and all exchanges already have	

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			comprehensive rules, processes and procedures in place to ensure fairness and equitable opportunities for investors. Exchanges also enforce professional qualification criteria to ensure that Authorised Users and individuals who trade on exchanges are suitably qualified, well-informed and understand the trading rules and regulations that will enable best outcomes. Exchanges have a wide range of rules covering connectivity to trading platforms, including access requirements. They currently have well-defined trading rules that govern the central order book, ensuring price-time priority and fairness. Additionally, there are clear rules outlining the circumstances under which Authorised Users are permitted to trade outside of the central order book, with a requirement to report such transactions to the exchange. Exchanges also have specific trading rules that cover high-frequency trading (HFT) to ensure that order execution is clear and that orders are executed fairly, promptly and in compliance with regulatory requirements. To ensure the efficient functioning of an exchange, it is critical for all members to have confidence in each other's ability to trade within the rules, ensuring no conflict of interest and	With respect to the proposal on a collective blueprint, the FSCA agrees that a strategic, forward-looking blueprint for cash equity clearing and settlement is valuable. However, the Conduct Standard sets foundational, enforceable obligations to protect market participants and the system immediately. Future reforms or enhancements, including possible integration or harmonisation of settlement and clearing processes, can be considered for development in parallel with the blueprint. We are of the view that the obligations in the standard are aligned with global standards (e.g., PFMI Principles 1, 2, 4, 5, 6, 23) and reflect internationally accepted responsibilities for market infrastructures. We maintain that the requirements on exchanges in section 4 of the Standard are necessary and appropriate to: (a) Mitigate systemic and operational risks; (b) Ensure compliance with the FMA; and (c) Safeguard the integrity and efficiency of SA markets. At the same time, the FSCA welcomes collaborative efforts to develop a longer-term blueprint for settlement and clearing in the cash equity market, which can inform future updates or refinements to the Conduct Standard as the market evolves.

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			that all clients are treated fairly and equitably. This consistency helps prevent regulatory arbitrage and ensures that all market participants operate on a level playing field. It is imperative to ensure that the correct rules are in place across markets to aid in managing market manipulation and preventing gaming across exchanges. This helps to deter ill-intent and the creation of false and deceptive markets and practices. If an Authorised User wishes to become a member of all exchanges that trades in common shares, it is imperative for them to have the correct technology, such as smart order routing, to ensure that clients are treated fairly and can trade at the best prices available in the market, in the best interest of the clients taking into account their definition of Best Execution. Furthermore, clear and consistent order execution rules across exchanges are essential to maintain investor confidence and market integrity. Creating true market depth and real liquidity within the SA market is essential for growth, ensuring that SA remains relevant and competitive. This, in turn, benefits investors and strengthens the financial markets as a whole. ***Default procedures*** It is imperative to state that exchanges already have processes in place to handle defaults by Authorised	Suggestion relating to order execution noted. However the FSCA believes that the transfer of listings between exchanges should be managed by the exchanges and in accordance with the requirements as set out in the Conduct Standard and the FMA. The benefit and purpose of the committee as suggested is unclear.

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			Users, including the use of default funds and other measures to cover losses. However, the challenge lies in how these exchanges collectively collaborate and to enable the regulatory and legal framework required to enable these processes across exchanges. The draft Conduct Standard need to establish a regulatory framework that facilitates cooperation between exchanges and clearly defines the role of regulatory authorities and the extent of their liability. There must be clear legislative rules regarding the effects of an Authorised User's default, including which exchange takes the lead and has preference over settlement, as well as managing and covering losses. The Exchange Conduct is what needs to be defined as the rules are already in place. For the default procedures to be effective, exchanges need to establish a legal and binding cooperative framework that ensures seamless coordination. This framework should include: **Regulatory Alignment:** Ensuring that all exchanges follow a standardised set of rules and regulations regarding default procedures to avoid conflicts and ensure a unified approach. **Information Sharing:** Implementing mechanisms for real-time information sharing between exchanges to ensure that all relevant parties are aware of	

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			the default situation and can act accordingly. **Priority of Claims:** Clearly defining the priority of claims and which exchange has the authority to take the lead in managing the default, including the use of default funds to cover losses. **Legislative Support:** Establishing legislative support to enforce these procedures and ensure compliance across all exchanges. **Coordination with Authorities:** Working closely with regulatory authorities to manage defaults effectively and mitigate systemic risks. The integration of regulations and cooperative agreements should not be left to interpretation. By definition, cooperation involves a willingness to help or do what is wanted; however, we cannot be certain of this willingness in these instances. Therefore, while a “cooperative” approach should involve collaboration and joint efforts to achieve common goals, it is essential to have clear definitions and agreements to ensure mutual benefit and effective functioning. No exchange should assume they have the first right to an Authorised User’s capital. The SAIS believes that this process should be seamless. Centralising the necessary primary information would increase transparency and allow for more	The proposal is noted. The FSCA’s view is that the requirements are not in contrast to the FMA and instead promote market integrity and fair markets.

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			effective regulation across exchanges. Without this centralisation, members will be required to run separate systems, introducing duplication, additional risks, costs, and inefficient use of capital. Should there be a cooperative arrangement in place between local exchanges, the issues concerning subordinated loans, guarantees, margins, and capital of members would need to be resolved. Additionally, the determination of which entity has the first right to these funds in the case of a default must be clearly defined. The concerns surrounding the guarantee fund and the guaranteeing of trades must also be addressed. SAIS further believes that achieving this can only be done through a well-defined policy enforceable by regulators, not merely through cooperative agreements. By addressing these challenges and implementing a robust framework, exchanges can ensure that default procedures are handled efficiently, thereby protecting the integrity of the financial markets and maintaining investor confidence.	This requirement is principle based and aligns to the FSCA's intention to move to a more principle based regulatory framework which allows for the necessary proportionality and which is focussed on the outcomes of said principles, instead of predominantly relying on inflexible rules. The requirements are therefore meant to be broad and to impose a principled requirement on an exchange to manage large exposures, default risk and market disruption. It does not contradict any requirements in the exchange rules. Comment is noted and we are of the view that the requirements in the Standard are aligned to the regulatory framework as well as the outcomes based regulation of COFI. Not sure how to respond to the comment as it does not outline an issue with a requirement in the standard. The intention is not to, through this conduct standard, remove the SRO Model. Not at all. In fact it cannot be done through subordinate legislation and would have to be a policy decision effected through amendments to the FMA that gives MIs their SRO status and responsibilities.

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				Proposals are noted, however not agreed. It is the mandate of the FSCA to regulate exchanges. To establish another regulator would duplicate efforts and impose unnecessary costs. Please see the FSCA strategy and the FSCA's 3-year Regulation Plan as published on the FSCA website. The FSCA Regulation Plan, which is annually revised, sets out details of all regulatory development under the FSCA's remit. Available at www.fsca.co.za under *Regulatory Framework > Regulation Plan.* Please see response above regarding principle based legislation. In the FSCA's view if an exchanges order execution rule complies with this principle it would support investor confidence and market integrity.

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				Please see the Statement of Need and intended operation published alongside the draft Conduct Standard. This is in fact the intention with the Standard to establish such a framework in a principled and proportionate manner.

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				Disagree that standardised exchange rules would be the best solution – it will stifle innovation and risk negatively impacting competition between exchanges. Please see requirements in Chapter 5 of the Conduct standard regarding cooperation and interoperation between market infrastructures. Please see response above regarding the mandate of the FSCA.

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				Please see response above regarding principle based legislation.

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				Please see response throughout regarding principle based legislation and supporting competition and innovation.
104. 7.	A2X	**10. General requirements for exchanges** **Tick Sizes** (6) An exchange must only use tick sizes equal to or higher than the value as determined by the Authority by notice on its website, and must not accept, display or queue orders in an order book if the tick sizes are less	An aligned tick size across exchanges with common product and users is supported. The Authority should engage with exchanges in its process of determining the said value	The comment and proposal are noted. The FSCA will conduct its standard formal public consultation process prior to making the determination.

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		than the tick size as determined by the Authority. (7) An exchange must administer the tick size regime as determined by the Authority, calculate and calibrate quoted spreads, determine applicable increments, and publish such relevant information related to the tick size regime, quoted spreads and applicable increments on its website.		
105.	BASA	**Section 10(6) and (7), General Requirements for Exchanges – Tick Sizes**	➢ We request that the Authority allow for industry comments, on the tick sizes to be determined by the Authority, prior to final publication.	The FSCA will conduct its standard formal public consultation process prior to making the determination.
106.	JSE	10(6) and (7) - Tick sizes	The JSE is supportive of a tick size regime based on minimum tick sizes determined by the FSCA. However, in determining a reasonable tick size regime, we recommend that the FSCA consults with exchanges and their authorised users and market data vendors, to ensure that all trading	The FSCA will conduct a formal public consultation process prior to making the determination.

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			and downstream systems are able to manage tick sizes in increments less than 1 cent or different tick sizes for different securities. In addition, it will be necessary to clarify whether the tick size regime applies only to orders and not to the execution price of transactions, making it possible for a transaction to take place at a price between two ticks e.g. currently pegged hidden orders allow execution in half tick increments.	
107.	NPWS	Section 10 (6) and (7), Requirements for Exchanges in respect of tick sizes	There are tick size requirements in the proposed Conduct Standard. These tick sizes must be followed by stockbrokers whether taking orders, displaying orders, or queuing orders. Ongoing monitoring and modifications are necessary for calculating and calibrating stated spreads, choosing appropriate increments, and publishing pertinent data.	Noted.
108.	A2X	**10. General requirements for exchanges** **High Frequency Trading** (8) An exchange must introduce rules against flash orders and impose	This requirement needs elaboration and clarity- Will this be applicable for aggressive HFT, Passive HFT, or both? Kindly also provide the rationale behind this requirement, specifically how this creates/ enables a level playing field?	Overall, the requirement is aimed at promoting the integrity of the market. This is intended to promote market stability and lessen the dangers brought on by excessive volatility. Therefore, it is critical to implement regulations that forbid flash orders, which take advantage of transient price differences. Mandatory circuit breakers, which are intended to temporarily stop trading during times of sharp market collapse, would also be a vital defense against panic selling and

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		mandatory circuit breakers and a structural delay in processing orders by milliseconds for authorised users regularly engaging in high frequency trading.		systemic danger. In addition to these steps, a structural delay in the processing of orders from authorized users who regularly engage in high-frequency trading may help reduce disruptive speculation. By providing market players with a small window to process new information and respond logically, this calibrated delay would foster a more fair and orderly trading environment. This will be applicable in both Aggressive and Passive HFT. In addition, the standard is not limited to a single type of HFT. Both aggressive HFT (which can rapidly place and cancel orders to exploit price discrepancies) and passive HFT (market-making strategies, liquidity provision) may be subject to these requirements, depending on the behaviour and impact on the market. In our view the requirement is market-integrity focused, not punitive. HFT applies to both aggressive and passive HFT depending on behaviour and market impact. Exchanges retain discretion to calibrate thresholds based on market conditions. Aligns with global best practices for HFT regulation.
109.	BASA	Chapter 4, Section 10 subsections (8) to (10)	We note that the definition is "high-frequency algorithmic trading" and the section references "High Frequency Trading", please can the Authority clarify if this is meant to be the same? ➢ Additionally, we recommend that "*its*" in the wording below is rather amended to "exchange" or "authorised user" to create clarity as intended? *"(10) An exchange must, before allowing authorised users to engage in high frequency trading –*	The terms refer to the same subject matter. The definition has been amended to align with the wording in the substantive provisions. Section 10(10) will be amended as follows: *"(10) An exchange must, before allowing authorised users to engage in high frequency trading –* *(a) ensure that ~~its~~ trading systems <u>of the authorised user</u> are robust, resilient, have sufficient capacity, and are able to ensure orderly trading under conditions of market stress caused by high frequency trading;"*

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			*(a) ensure that **its** trading systems are robust, resilient, have sufficient capacity, and are able to ensure orderly trading under conditions of market stress caused by high frequency trading;"*	
110.	JSE	10(8), (9) and (10) - High frequency trading	Flash orders are not defined in the draft Conduct Standard, and no motivation has been provided for why they must be prohibited by an exchange. Unless flash orders are clearly defined in the draft Conduct Standard, and exchanges have a proper opportunity to consider what harm they may cause and why they must be prohibited, based on a motivation from the FSCA, we cannot agree to implementing rules that prohibit undefined market practices. No motivation has been provided for why mandatory circuit breakers and structural delays in order processing must be implemented specifically for HFT trading. Any structural delays in processing HFT orders (speed bumps') are likely to introduce unintended friction in the normal operation of a market, where diverse trading strategies are employed by market participants. Available evidence of implementation of speed bumps indicates that this is typically done at the exchange level and is not targeted asymmetrically at a particular subset of the market, such as HFT traders.	See proposed insertion of a definition of 'flash order 'inserted into the draft Conduct Standard. The motivation for prohibiting flash orders is that flash orders create information asymmetry, allowing some participants to see and act on orders before others and thus undermining fairness and a level playing field within our markets. The FSCA is not targeting all HFT indiscriminately, the objective is to prevent market abuse, extreme volatility, and manipulative practices often associated with ultra-fast trading or different types of HFT. Structural delays (speed bumps) and circuit breakers are tools to protect market integrity, prevent disorderly markets, and ensure fair access for all participants. Please note that the reference to structural delays will be removed from the provision. The FSCA does not require circuit breakers to be HFT-specific. They are triggered by market conditions or price movements, regardless of trading strategy, consistent with global practice. The FSCA's proposal focuses on preventing manipulative HFT behaviour and protecting investors and the integrity of the market. Exchanges retain discretion to implement appropriate thresholds and delays. The requirement is risk-based and proportionate — applies when market integrity may

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			Where speed bumps have been introduced, this has generally been the prerogative of the trading venue, with the intention of carving out a niche and attracting a certain type of order flow. Generally, approval is required from the securities authority, but we are not aware of an instance where a speed bump has been mandated by an authority. For example, the SEC declared any inbound or outbound delay of less than one millisecond irrelevant and not harmful to investors. However, they did not mandate the use of speed bumps for all trading venues. HFT activity accounts for approximately 30% of all activity in the JSE equities market. A significant part of the market would therefore be prejudiced by a requirement that imposes additional latency on a subset of traders. An important consideration in the context of South African markets is the proliferation of dual-listings arbitrage trading. Instruments with dual-listings in the EU account for approximately 40% of the JSE's trading activity. Introducing additional latencies on HFT trading is likely to be detrimental to the competitiveness of the local financial markets. The introduction of a symmetrical speedbump at NYSE increased spreads, reduced the depth in the order book at the best bid and offer, and reduced daily volumes. The speedbumps were therefore	be threatened, not as a blanket latency for all HFT trades. The FSCA acknowledges dual-listed instruments and international competition. Therefore these measures should be calibrated to ensure they do not materially impair liquidity or market efficiency. The focus is on preventing unfair advantage from ultra-fast predatory orders, not slowing all HFT or harming trading volumes. The proposal aligns with international best practice recognising that exchanges like NYSE removed speed bumps due to market quality impacts, however we expect exchanges to apply proportionate measures, reviewing effectiveness periodically, consistent with PFMI Principles 23 & 24 on risk and market integrity. Please see insertion of a definition for "flash order".

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			subsequently removed in order to improve market quality. The proposal to mandate the implementation of asymmetric speed bumps for HFT trading also runs the risk of increasing market complexity, as exchanges will inevitably look to introduce new fee structures and or sophisticated order types to counter the effect of the friction introduced by the speed bumps. Circuit breakers are implemented by exchanges based on intra-day price movement parameters. They do not distinguish between different trading strategies or different types of market participants. They simply trigger whenever a price is going to move beyond set parameters, based on static and dynamic reference prices. Therefore, we cannot see how or why circuit breakers would be applied only to HFT traders. We therefore strongly advise against the mandatory application of structural delays in processing orders and circuit breakers specifically for HFT trades. We agree that an exchange should implement trading control mechanisms such as trading halts and volatility interruptions, but these controls should seek to manage all volatile market conditions and not only those caused by HFT activity.	The FSCA acknowledges the JSE's comments regarding flash orders, circuit breakers, and structural delays (speed bumps) and appreciates the concerns raised on market impact, HFT participation, and operational complexity. The FSCA's position is as follows: 1has been amended to include a clear definition of flash order , . The rationale for prohibiting flash orders is to ensure fairness and transparency in market access, preventing certain participants from gaining an unfair advantage and thereby supporting a level playing field. Exchanges will have the opportunity to assess the specific implementation of this prohibition in line with their market rules. 2. Circuit Breakers – Circuit breakers are intended to address market-wide price volatility and disorderly trading, regardless of participant type or trading strategy. These mechanisms are not limited to HFT activity but are included in the standard to ensure exchanges maintain the capacity to temporarily pause trading during extreme price movements, consistent

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				with international best practice. This protects market integrity and investor confidence. 3. Structural Delays (Speed Bumps) – Structural delays are risk-based and proportionate measures aimed at mitigating manipulative or predatory high-speed trading practices, while preserving legitimate market-making and liquidity provision. Exchanges retain discretion to determine appropriate thresholds and configurations, ensuring that the measures do not materially impair market liquidity, operational efficiency, or competitiveness, particularly in the context of dual-listed instruments. 4. Market-Wide Application and Proportionality – All measures under sections 10(8)–10(10) are designed to apply across the market rather than targeting any specific participant subset indiscriminately. The FSCA expects exchanges to periodically review and calibrate these tools to balance market integrity, fairness, and efficiency in line with the FMA and international standards (including PFMI Principles 23 and 24). The FSCA retains the requirement for exchanges to implement rules against flash orders, mandatory circuit breakers, and structural delays as essential safeguards for orderly markets and a fair, transparent trading environment. At the same time, the standard allows sufficient flexibility for exchanges to adapt the measures appropriately to local market conditions and member behaviours
111.	NPWS	Section 10 (8-10) "High Frequency Trading"	Stockbrokers that participate in high-frequency trading (HFT) have additional requirements. Implementing rules against flash orders, circuit breakers, and structural delays is necessary. Keeping an eye on HFT-induced market volatility and making	Noted.

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			sure the system is resilient become crucial obligations.	
112.	Peresec	Section 8. "(8) An exchange must introduce rules against flash orders and impose mandatory circuit breakers and a structural delay in processing orders by milliseconds for authorised users regularly engaging in high frequency trading"	Proposed amendment of paragraph 8 as follows: "(8) An exchange must introduce rules against flash orders and impose mandatory circuit breakers ~~and a structural delay in processing orders by milliseconds~~ for authorised users regularly engaging in high frequency trading" **Explanation:** The proposed rule to impose a 'structural delay…of milliseconds' on authorized users 'regularly engaging in high frequency trading' suffers from several limitations: Imprecise Definition: The concept of a 'structural delay' lacks clarity. Milliseconds can significantly impact order execution, and the rule fails to specify the criteria for identifying HFT activity subject to this delay. Drafting: The current drafting implies that any authorised user allowing HFT trading will have to implement a structural delay on all trades. Unintended consequences: A blanket delay for authorised users serving HFT clients unfairly penalizes legitimate non-HFT activity. This could hinder various desirable order processing methods, reducing market liquidity and potentially harming overall efficiency. Undermining market integrity: Singling out HFT without clear justification raises	Agree – The Conduct Standard has been be amended as suggested

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			concerns. Delays could introduce unintended consequences, potentially weakening market integrity rather than strengthening it. Irrational: No direct market integrity benefit is achieved by structural delay in processing A more effective approach would focus on addressing market Abuse. Regulatory focus should be on deterring manipulative behaviors identified through monitoring, regardless of the trading frequency.	
113.	BASA	Section 10(10), General Requirements for Exchanges – High Frequency Trading	➢ We recommend that the Authority consider a similar approach taken by the Securities Exchange Commission (SEC) in the US and European Securities and Markets Authority (ESMA) in Europe, namely, for a member to have its own independent risk system; or have a third party provide a risk system that is independent of a client's risk system. SEC Final Rule 34-63241 - *"the Commission specifically addressed the application of the Rule's "direct and exclusive control" provisions to the use of risk management technology developed by third parties. The Commission stated that: Under the proposal, appropriate broker-dealer personnel should be able to directly monitor the operation of the financial and regulatory risk*	The recommendation is noted. However, these proposals will not be included as the Conduct Standard is aimed specifically at market infrastructures, whereas the proposals are directed at authorised users.

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			management controls in real-time. Broker-dealers would have the flexibility to seek out risk management technology developed by third parties, but the Commission expects that the third parties would be independent of customers provided with market access." See ESMA legislation*, Articles 13(2), (5) and (6) of MiFID and Articles 5, to 9, Articles 13 and 14 and Article 51 of the MiFID Implementing Directive,* where "*Investment firms offering DMA/SA can use pre- and post-trade controls which are proprietary controls of the investment firm, controls bought in from a vendor, controls provided by an outsourcer or controls offered by the platform itself*" (i.e. they should not be the controls of the direct market access/sponsored access client). However, in each of these circumstances the investment firm remains responsible for the effectiveness of the controls and must be solely responsible for setting the key parameters.	
114.	A2X	**10. General requirements for exchanges** **Transfer of listings between exchanges** (11) A primary listing may only be	The Issuer and shareholder choice would seem to be paramount here and have not been included in this requirement- should shareholders approve the transfer; an issuer must be in a position to proceed with the transfer if they comply with the relevant listing's requirements, which	Noted. The section is drafted with the understanding as part of the ordinary course of delisting on one exchange and listing on another – the issuer will form part of the decision making relating thereto. It is not the intention of the FSCA to empower market infrastructures to unilaterally transfer listings. The suggestion is noted, however, the a time limit will not be imposed. Please see amended provision which

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		transferred from one primary exchange to another without the primary exchange requiring the issuer to go through the delisting process, if - (a) such transfer is approved by the issuer regulation committee of both exchanges, and (b) the issuer complies with the listing requirements of the other exchange.	transfer should not be unreasonably delayed or prevented. This section also fails to deal with the transfer of secondary listings and inward listings. Suggestion to include a time frame for considering and approving the transfer and a dispute resolution mechanism in the event an agreement cannot be reached.	provides that the transfers should be effected without unreasonable delay. Please also see dispute resolution mechanism drafted into the general principles in section 3(3) of the Conduct Standard.
115.	BASA	Chapter 4, Section 10(11)	➢ We recommend that there is a need to protect the issuer and the new primary listing exchange by adding wording that requires the previous/current primary listing exchange" to act promptly and reasonably in the transfer process".	Agreed. Please see proposed principle inserted in the Conduct Standard to this effect. Please also see response to comment 112 above.
116.	BASA	Section 10, section 11	The term 'Issuer regulation committee' appears to be an undefined term or body referenced in the draft Standard. ➢ We recommend the inclusion of a definition of this committee that may have different names in various exchanges.	The recommendation is accepted through alternative drafting.
117.	CTSE	Section 10(11) "Transfer of listing"	We support the transfer without the need to go through the formal	Noted. The section is drafted with the understanding as part of the ordinary course of delisting on one exchange

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			delisting process (e.g. offer to minorities) where there is a continuation of the listing on another exchange, but from a governance and investor protection perspective, at a minimum shareholders should be provided with the opportunity to vote on the transfer (e.g. ordinary resolution excluding any controlling shareholders). We assume that the wording in paragraph 11 "without the primary exchange requiring the issuer to go through the delisting process" does not negate the above and that a fair transfer approval process as suggested above can be specified by the exchange and approved in such a manner.	and listing on another – the issuer will form part of the decision making relating thereto. It is not the intention of the FSCA to empower market infrastructures to unilaterally transfer listings.
118.	CTSE	Section 10 (11)	SARB FinSurv currently requires an Issuer to obtain Exchange Control approval for a delisting. To be clarified with SARB if this is still required for a transfer of a listing from one exchange to another (as opposed to a termination of the listing in the conventional sense of a delisting).	The Standard does not relax the obligations to comply with exchange control requirements.
119.	CTSE	Section 10 (11)(a)	Unclear why both exchanges need to approve the "transfer". Suggest wording be clarified that the current exchange approves the transfer and that the "new" exchange approves the listing / acceptance of the issuer.	Please note that intention was not for both exchanges to approve the transfer but it is important that both exchanges are involved and ensure compliance with the FMA and its own requirements as a self-regulating organisation.
120.	JSE	10(11) - General requirements for exchanges, "transfer	The FMA does not provide for, nor mention a "transfer" of listing. It clearly only deals with a listing and a removal	The FMA does not define a transfer process. The term has been used in its ordinary grammatical meaning. The FSCA has included the provision to deal with

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		of listing between exchanges"	of a listing (see the peremptory provisions of sections 11 and 12 of the FMA). The FMA also specifically states that a removal of a listing must be effected subject to the provisions of section 12, the exchange rules, and the listing requirements. As there is no process such as a "transfer" of a listing, it can only refer to the removal a listing on one exchange and the listing of the issuer's securities on another exchange. An issuer is required to apply to be admitted to the list of securities to trade on an exchange, and, in addition to the fact that these requirements are binding on the issuer by virtue of section 11(5) of the FMA, also contractually binds itself to comply with the exchange's listing requirements. Section 12 of the FMA deals with the removal of listing and suspension of trading, and it specifically imposes an obligation that such removal must be effected in accordance with the provisions of each exchange's listing requirements, which must include specific provisions that an issuer must comply with for a removal of its listing. Due to the contractual nature of compliance with the requirements established on listing, and the obligation imposed on an exchange in terms of the FMA to enforce its listings requirements, a transfer of listing (which is in essence a removal) cannot be effected without the listing requirements of the exchange and the	instances where an issuer elects that it no longer wishes for its securities to be listed and traded on a specific exchange. The FSCA stresses that the intention in section 10(11) is not to create a legal shortcut that bypasses the provisions of the FMA, or to allow an issuer to circumvent an exchange's listing requirements. Rather, the section seeks to establish a coordinated and structured framework for issuers seeking to move their primary listing from one exchange to another in a competitive market environment, while remaining fully compliant with the FMA and the applicable listing requirements of both exchanges. Any "transfer" of a primary listing is effectively a sequential removal and re-admission of the issuer's securities. The issuer must comply fully with: (a) The listing requirements of the receiving exchange, in terms of section 11(5) of the FMA; and (b) The removal provisions of the current exchange, in terms of section 12 of the FMA as contained in the listings requirements and the Act. This ensures that no contractual or statutory obligations are circumvented, and investor protections remain intact. Approval by the relevant exchange committees, as envisaged in subsection 10(11)(a), is conditional on verifying compliance with all FMA and listing requirements. Committees are not empowered to "approve a transfer" independently of the statutory requirements. Their role is to facilitate a structured process, confirm regulatory compliance, and ensure orderly market conduct.

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			provisions of the FMA being adhered to by the issuer. A transfer of listing, as proposed, is in conflict with the provisions of the FMA and the applicable listings requirements, as discussed in our general comment 11. In addition to our strong recommendation that paragraph 10(11) be deleted in its entirety, we submit that the proposed process for a transfer of listing is vague and unlawful, for the following reasons: • No basis has been provided for the proposal in subparagraph 10(11)(a) regarding approval by the regulation committee of both exchanges. It is not clear what information must be considered or how such a determination regarding a transfer is to take place, or what processes are to be followed to affect the transfer. • The FMA does not contemplate the concept of a transfer of a listing between two licensed exchanges. Consequently, the only legitimate basis for the regulation committee to approve a transfer is the manifest compliance by the issuer with the provisions of the FMA and the listings requirements of the exchange regarding removal of a listing. • The transfer of listing envisaged in the draft Conduct Standard is understood to terminate the contractual relationship	Section 10(11) explicitly contemplates the need for adherence to both exchanges' regulatory and listing standards. The standard recognises that regulatory frameworks may differ, and compliance with both the removal and admission requirements ensures that investors are not prejudiced by the issuer's decision to change its primary listing. It does not create a new legal right to a transfer outside the statutory framework of the FMA. It formalises coordination between exchanges while maintaining all statutory obligations, including removal and admission requirements.

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			between the exchange and the issuer, and, in such an instance, the issuer must comply with the provisions applicable to terminating such a relationship, namely the removal of listing provisions in the exchange's listings requirements and the FMA. • Consequently, if an issuer regulation committee of an exchange approves a transfer of listing as proposed in the draft Conduct Standard, the exchange would be in breach of section 12 of the FMA. Subparagraph 10(11)(b) provides that the issuer must comply with the listings requirements of the exchange it will be transferring to, but does not consider that the level of regulation between the two exchanges may be different. It cannot be assumed that two separate primary exchanges impose the same level of regulation upon a primary listed issuer, hence the proposal inherently prejudices investors.	
121.	Nedbank	Section 10, section 11	The term 'Issuer regulation committee' appears to be an undefined term or body referenced in the draft regulation. Inclusion of a definition of this committee that may have different names in exchanges should be included for clarity.	Please see response to comment 114.
122.	NPWS	Section 10 (11), "Transfer of listings	Coordination is needed to move primary listings across exchanges without going through the delisting	The process to transfer a listing in section 10(11) is not obligatory. The transfer process will need to be acceptable to both the previous exchange and the new

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		between Exchanges"	procedure. Stockbrokers that take part in these kinds of transfers have to abide by listing regulations. It might be difficult to guarantee a seamless transition while preserving investor confidence.	exchange. If the transfer process is followed, both exchanges will have a duty to ensure that the process does not create negative market integrity outcomes. In addition, the obligation and process to be followed rests on exchanges.
123.	A2X	**10. General requirements for exchanges** **Detect and deter manipulation** (12) An exchange must implement appropriate procedures to prevent, detect and deter market manipulation, fraud and other unfair trading practices and report any instances of market abuse or unfair and abusive trading practices to the Authority as soon as practically possible.	This paragraph does not contemplate sharing of cross market surveillance information between exchanges with the same product.. There should be an obligation on an exchange to share information in relation to market conduct issues given that the same product is being traded on two markets and the trading patterns on one market when compared to another market may provide useful data to holistically assess a trading pattern.	Section 10(12) focuses on the detection and reporting of abuse within a single exchange. The FSCA supports strengthening the Conduct Standard to require licensed exchanges to share relevant market conduct information with other licensed exchanges trading the same security. The manner of sharing of the information must be agreed between the exchanges in the co-operation agreements.
124.	JSE	10(12) – Prevent, detect, and deter certain trading practices	The obligations imposed on exchanges in paragraph 10(12) go beyond an exchange's licensed functions and responsibilities in the FMA. Section 8(1)(d) of the FMA requires an exchange to make arrangements for the surveillance of transactions	The Conduct Standard provides that: "…draft Conduct Standard: Requirements for Market Infrastructures, to be made in terms of 74 of the Financial Markets Act, 2012 (Act No. 19 of 2012) (FM Act) and section 106(1)(a) of the FSR Act, read with Chapter VIII of the FM Act and sections 106(2)(a), 106(3)(a) and 108 of the FSR Act…"

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			effected through the exchange so as to identify possible market abuse, and section 10(2)(d) requires an exchange to supervise compliance by its authorised users with the Act and to report any non-compliance to the FSCA. Market manipulation is one of the forms of market abuse prohibited in terms of the FMA, and an exchange has a responsibility in terms of section 8(1)(d) to identify possible market manipulation through its surveillance systems and processes. But there is no expectation in the FMA, nor can it be reasonably expected of an exchange, to implement arrangements to 'prevent' and 'deter' market manipulation. An exchange, as the provider of a trading platform, cannot stop or deter an investor from executing transactions that result in a form of market manipulation. An exchange isn't a party to transactions on its platform and does not know what the intentions of investors are when transactions are executed on its platform. At most, authorised users may be expected to implement measures to prevent market manipulation by their clients, because they are a party to all transactions executed by their clients, and the JSE has rules in this regard. But this expectation cannot be extended to an exchange. Other than market abuse, the FMA says nothing about 'fraud and other	Section 106 (2)(a) of the FSR Act provides that: "a conduct standard may be aimed at one or more of the following: (a) Ensuring the efficiency and integrity of financial markets…" The FSR Act contains the regulatory powers upon which the FSCA has relied to set matters in section 10(12) of the draft Conduct Standard additional to and in support of the requirements in the FMA. Section 8(1)(d) of the FMA deals only with detection of market manipulation and not with preventing and deterring market abuse (of which market manipulation forms a part), the insertion of these requirements is not inconsistent with the FMA or the FSR Act. Instead, the section has the effect of delivering positive market conduct outcomes: the surveillance of all transactions with a requirement to report the relevant transactions to the FSCA will invariably lead to a deterrence and prevention of such practices. With respect to fraud, the comment correctly notes that the act is inherently well hidden and involves an attempt to bypass requirements. The application of section 106(2)(a) of the FSR Act is critical in ensuring that vulnerabilities in the platform that is provided by the exchange are adequately addressed. As such, making the detection of fraud reportable to the FSCA will yield positive market conduct outcomes the prevention and deterrence of fraud. The section is not prescriptive of the manner of the prevention and deterrence of market manipulation. The principle is that this will be for the exchange to determine. The section has been drafted in line with section 106 (2)(a) stated above.

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			unfair trading practices'. These are broad terms that could apply to a wide range of practices that could cause financial prejudice or other harm to market participants. As statutory offences, insider trading and market manipulation have specific features that an exchange should be expected to look for through its surveillance systems and processes, which the FMA recognises. But 'fraud and other unfair trading practices' could take a variety of forms and have no specific features that an exchange could be expected to detect and be obliged to do so. Certain forms of 'fraud and other unfair trading practices' may come to the attention of an exchange through its monitoring function, or through complaints from market participants, but that is very different to an exchange being obliged to implement arrangements to detect these practices. The expectation that an exchange must implement arrangements to prevent and deter 'fraud and other unfair trading practices' is even more unrealistic than that in relation to market manipulation, given the non-specific nature of these practices and, as with market manipulation, the fact that an exchange is not privy to the intentions and actions of investors and authorised users when transactions are being executed on its trading platform.	The proposal has not been accepted.

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			Fraud is also inherently well-hidden and usually involves a deliberate attempt to bypass requirements and regulations imposed. The requirement for an exchange to detect fraud is therefore unduly onerous. In summary, the FMA correctly limits an exchange's licensed functions and responsibilities to detecting potential market abuse, and does not extend those functions and responsibilities to obligations that an exchange is not capable of meeting, including preventing and deterring market manipulation, and assuming various obligations in relation to 'fraud and other unfair trading practices'. We therefore believe that the FMA adequately addresses an exchange's responsibilities in relation to market abuse, and that there is nothing to be gained from repeating these responsibilities in a conduct standard. As a minimum, if paragraph 10(12) is to be retained, any references to 'prevent' and 'deter', and to 'fraud and other unfair trading practices' should be deleted.	
125.	NPWS	Section 10 (12), "Detect and deter manipulation"	Stockbrokers need to put policies in place to identify and prevent fraudulent activity, manipulating the market, and unfair trading practices. It's critical to report cases of market abuse as soon as possible. Balancing surveillance efforts with efficient trading execution poses a challenge.	The provision is aimed at exchanges. As actors in the financial market ecosystem, stockbrokers will promote the detection and deterrence of manipulation through their own systems.
126.	Peresec	Section 12.	Proposed amendment of paragraph 12 as follows:	Based on the context, it is assumed that the comment intended to address *section 10(12) and not section*

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		"*Detect and deter manipulation.* (12) An exchange must implement appropriate procedures to prevent, detect and deter market manipulation, fraud and other unfair trading practices and report any instances of market abuse or unfair and abusive trading practices to the Authority as soon as practically possible. "	"*Detect and deter manipulation.* (12) An exchange must ~~implement appropriate procedures~~ have in place suitable trading control systems to prevent, detect and deter market manipulation, fraud and other unfair trading practices and report any instances of market abuse or unfair and abusive trading practices to the Authority as soon as practically possible. " **Explanation:** The phrase "implement appropriate procedures" is a vague phrase that that does not specify what kind of actions are needed or how effective they should be. The proposed change ensures that the exchange focuses on building robust systems, not just documenting procedures.	*12(12)* of the previous draft of the Joint Standard. Our response is in line with this assumption. The recommendation has been accepted. Please see revised drafting in section 12(15).
127.	JSE	10(13) – Management of large exposures, default risk and market disruption	The concept of managing large exposures is specific to the clearing of derivative instruments. Derivative instruments are cleared by a CCP, not an exchange. Therefore, an exchange cannot be required to implement procedures to manage large exposures. The terms 'default risk' and 'market disruption' are vague and undefined. It is therefore not possible for an exchange to determine what type of procedures it is obliged to implement to properly manage these issues. The term 'default risk' seems to mean something different to managing the default of an authorised user, because	The FSCA notes the JSE's concerns regarding the applicability of section 10(13) to exchanges. While it is correct that the management of large exposures is typically associated with CCPs and the clearing of derivative instruments, the FSCA maintains that exchanges also have a responsibility to manage exposures and risks arising from the conduct of trading activities, even in cash equity and other non-derivative markets. In the context of exchanges, large exposures are not limited to derivative positions but include concentration of trading activity or participant positions that could materially affect market functioning.

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			that is covered separately in paragraph 10.15. As a term, it is more commonly used in relation to a default relating to positions in derivative instruments. In the absence of a definition or elaboration on what 'default risk' means, we do not believe that an exchange can be obliged to implement procedures to manage 'default risk'. There can be a number of different events that could be regarded as a form of 'market disruption'. Events both internal and external to an exchange could cause a disruption to the trading and/or settlement functions of an exchange. We recommend that the FSCA elaborates in the conduct standard on what it regards as a 'market disruption', in order for an exchange to determine what type of events it needs to implement arrangements for to manage such events.	An exchange must ensure that no single participant or group of participants can unduly influence the market, protect the integrity of the price formation process and safeguard other market participants. This is consistent with the FSCA's mandate under the FMA to ensure fair, transparent, and orderly markets, and aligns with international best practices for market infrastructure oversight. Section 10(13) does not replace or overlap with the client default management provisions in section 10(15); rather, it refers to the exchange's exposure to operational or financial risk arising from trading activity, e.g., where extreme market events could threaten the continuity of trading or settlement functions. Default risk for an exchange can arise when an authorised user or participant is unable to meet settlement obligations, even in cash markets, potentially causing systemic effects. Default risk for exchanges refers to operational, liquidity, or settlement-related exposures, rather than CCP-style derivatives clearing defaults. Market disruption is a broad term encompassing events that materially affect the orderly operation of the exchange, including extreme volatility, system outages, cyber incidents, or other operational failures. Exchanges are expected to identify potential sources of disruption, implement contingency plans, and ensure continuity of operations. Defining market disruption too narrowly could leave the exchange unprepared for plausible scenarios that affect market integrity and investor confidence. It is our view that exchanges must implement procedures to manage large exposures, default risk, and market disruption, even outside derivative markets, because risks arising from trading activity and operational failures can materially impact market stability.

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				Internationally, it is standard practice under PFMI Principles that exchanges and trading venues assess and mitigate risks inherent in their operations, regardless of whether they clear derivatives. Guidance will be provided to clarify the scope and nature of risks, giving exchanges a framework to implement proportionate and effective procedures. Section 10(13) remains necessary to ensure that exchanges are proactively managing exposures and risks that could compromise market integrity
128.	NPWS	Section 10 (13) – Requirements for Exchanges pertaining to the management of large exposures	How will this be achieved in practice when the exchange will likely not have sight into the shareholdings and of authorised users at client level?	See response directly above.
129.	NPWS	Section 10 (14), "Requirements for Exchanges to have well-defined procedures for handling defaults by authorised users, including the use of default funds to cover losses"	How will defaults of authorised users be covered it they are members of more than one exchange?	Defaults of authorised users are managed on an exchange basis in accordance with the exchange's rules and the FMA. However, where an authorised user is a member of more than one exchange, the occurrence of a default on one exchange constitutes a material risk event that must be communicated to the FSCA and other exchanges. Other exchanges must assess the implications of such a default and assess whether for continued participation on their markets, the default calls into question the AU's financial soundness, Impairs its ability to meet ongoing obligations of the exchange it is a member of and creates risk to market integrity.
130.	A2X	**10. General requirements for exchanges** **Default procedures**	This section is general of nature and fails to specify which market or product this requirement applies to. In addition, the "use of a default fund to cover losses" requirement should include the requirement that such	The sub-section has been drafted in broad terms and on a principle basis to account for the variation in markets, products, models and risk profiles. It is the prerogative of each exchange to assess its procedures to ensure the best possible compliance with the requirement.

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		(15) An exchange must have well-defined procedures for handling defaults by authorised users, including the use of default funds to cover losses.	fund must be appropriate per exchange model, that is: a one size fits all approach is not applicable and should be proportionate to the risk of that partcular exchange.	
131.	JSE	10(15) – Default funds	Subparagraph 10(15) is worded in such a way that it obliges an exchange to have a default fund to cover losses as part of its procedures to handle defaults by authorised users. The FMA imposes no such obligation on an exchange, and therefore this provision in the draft Conduct Standard is in conflict with the FMA. Section 8(1)(h) of the FMA requires an exchange to have 'insurance, a guarantee, compensation fund or other warranty' to provide compensation to clients. The FMA therefore grants options to an exchange regarding the arrangements that the exchange needs to make to provide compensation to clients. A compensation fund (or default fund) is one of those options, but it is not obligatory. The obligation in subparagraph 10(15) for an exchange to have a default fund should therefore be deleted.	(a) As responded throughout the comment raised by the commentator that only the provisions of the FMA applies, it should be noted that the FMA empowers the FSCA to make standards in regard to a broad scope of matters that may supplement the requirements in the FMA. Please consider the enabling sections in sections 53(2) and 74 of the FMA and section 106(1)(a) of the FSR Act, read with Chapter VIII of the FM Act and sections 106(2)(a), 106(3)(a) and 108 of the FSR Act. We do not agree that the requirement in this section is contrary to /or in conflict with section 8(1)(h) of the FMA." The comment on the element of choice available to the exchange for purposes of insurance, a guarantee, compensation fund or other warranty' is not relevant for determining whether the default fund should also provide options for exchanges. The wording in the subsection has been refined to ensure legal certainty.
11. Cross-trading between exchanges				
132.	IE	Section 11	Very supportive of this, way overdue.	The comment is noted.

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133.	NPWS	Section 11, "Cross-trading between exchanges"	The goal of the draft Conduct Standard is to address the fragmentation of the market brought about by numerous exchanges. different exchanges have distinct rules, technologies, and operational procedures, which might present challenges for stockbrokers operating on different infrastructures. Adapting to different exchange environments can be challenging, especially when dealing with the same authorized users and securities across multiple South African exchanges.	In addition to managing market fragmentation, the Conduct Standard is directed at promoting overall efficiency of the financial markets. It is anticipated that implementing the Conduct Standard will have various implications and costs – particularly from an operational perspective. The Standard aims to balance the benefits of more efficient markets and the cost of implementation of the Standard. Also see response to comment by commentator in comment 101 above.
134.	SAIS	Section 11, "Cross-trading between exchanges"	**Broader Industry Perspectives** The goal of the draft Conduct Standard is to address the fragmentation of the market brought about by numerous exchanges. different exchanges have distinct rules, technologies, and operational procedures, which might present challenges for stockbrokers operating on different infrastructures. Adapting to different exchange environments can be challenging, especially when dealing with the same authorised users and securities across multiple South African exchanges.	Please see response to comment 130.
135.	JSE	11(1) – Application to common listed securities	Please note our comment on the definition of "common listed securities" requesting clarification that paragraph 11(1) applies to common securities listed on licensed	Please see response to comment 9 above.

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			exchanges and not external exchanges.	
136.	SAIS	**11. Cross-trading between exchanges** ***Application*** (1) The requirements in this section apply to common listed securities ***Investor Protection*** (2) An exchange with common listed securities must provide investors with clear disclosures of the risks and benefits of cross-trading and establish mechanisms for addressing investor complaints and disputes.	The SAIS acknowledges that the requirements for cross trading need to be meticulously coordinated between exchanges. This coordination must be seamless and automated to ensure fair market practice and efficiency for all participants. The integration of regulations and cooperative agreements should not be left to interpretation. While cooperation typically involves a willingness to work together toward common goals, the necessary willingness cannot always be assumed in these instances. Therefore, a cooperative approach must involve clear definitions and agreements to ensure mutual benefit and effective functioning. It is crucial that no exchange assumes they have the first right to an Authorized User's capital. The SAIS believes this process should be seamless. Centralizing the necessary primary information would increase transparency and allow for more effective regulation across exchanges. Without this centralization, members would need to run separate systems, leading to duplication, additional risks, costs, and inefficient use of capital. In the event of a cooperative arrangement between local exchanges, issues concerning subordinated loans, guarantees,	Noted. The terms of the co-operative agreement will be negotiated between parties. Please see response above. The Standard does not create powers to allocate the capital of an authorised user. The proposal to mandate the centralisation of primary information is not accepted. Also see responses to same suggestion made by the same commentator throughout.

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			margins, and capital of members would need to be resolved. Additionally, it must be clearly defined which entity has the first right to these funds in the case of a default. The concerns surrounding the guarantee fund and the guaranteeing of trades must also be addressed. The SAIS further believes that achieving this can only be done through a well-defined policy enforceable by regulators, not merely through cooperative agreements. By addressing these challenges and implementing a robust framework, exchanges can ensure that default procedures are handled efficiently, thereby protecting the integrity of the financial markets and maintaining investor confidence. **Centralised Regulatory Body:** The SAIS strongly supports a centralized regulatory approach to address these challenges. Centralizing efforts through an independent regulatory body would ensure consistency, reduce conflicts of interest, and improve transparency and interoperability. This approach would be more efficient and effective than having each exchange manage these issues independently. By doing so, we can protect the integrity of the financial markets and maintain investor confidence while fostering a	The elements raised in this comment are to be negotiated between affected exchanges and be provided for in a standard. The recommendation to develop a well-defined policy enforceable by regulators is not accepted. This is owed to the nature of the Standard – which favours an outcomes focused approach as opposed to a rules-based approach.

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			competitive and equitable market environment. The SAIS strongly recommends the establishment of an independent, centralised regulatory body to oversee the implementation and maintenance of the Conduct Standard. This body would ensure Authorised Users establish and maintain adequate and effective systems, including current risk management processes and effective capital management. Centralised oversight would reduce conflicts of interest and fragmentation, enhancing transparency and interoperability through efficient management of market data. **Mandating Systems and Protocols:** Exchanges should not mandate specific systems for Authorised Users but should set clear protocols for the dissemination and uploading of information. Exchanges should facilitate the provision of data necessary for optimal regulation and surveillance. A centralized approach to data management would prevent the duplication of systems and capital, reducing strain on resources and minimizing additional risks and friction costs. **Addressing Market Fragmentation:** The goal of the draft Conduct Standard is to mitigate market fragmentation caused by multiple exchanges. Different exchanges have distinct rules, technologies, and operational procedures, which present	The recommendation to establish a centralised regulatory body is not accepted. The FSCA is the responsible authority for the FMA – in terms of which this Standard is made. The FSRA is the primary legislation that determines which regulatory bodies are responsible for its administration. Therefore, a regulatory body cannot be established through secondary legislation. Please see response above.
		Option by issuers to trade on any secondary exchange (3) An issuer with a primary listing on one exchange may only trade its securities on any secondary exchange if the issuer meets		

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		the listing requirements of that secondary exchange. ***<u>Reference price</u>*** (4) The reference price of the primary exchange must prevail, and the primary exchange remains the custodian of the reference price, unless the applicable exchanges agree otherwise, for the purpose of determining - (a) the weighted average traded price used by an issuer for cash resolutions (general and specific/related party); (b) company and portfolio valuations for corporate actions; and (c) market capitalisation for transaction categorisation purposes.	challenges for stockbrokers operating on different platforms. Adapting to these varied environments can be difficult, especially for Authorised Users and securities traded across multiple South African exchanges. **Cooperative Agreements:** Local exchanges need to establish cooperative agreements detailing how they will collaborate, especially if they wish to change the status quo regarding settlement cycles or processes for dual-listed securities. Advisory Committees should include all relevant parties, such as Exchanges, Authorised Users, and industry bodies, to facilitate these agreements. **Automation and Legalities:** The process should be automated, and the legalities of failed trades must be thoroughly investigated. This includes the impact on and workflow involving Authorised Users, CSDPs, and CSDs. The process should be seamless and efficient to protect the security and soundness of the markets. **Guarantees and Margins:** Issues concerning guarantees, margins, and the capital of members need resolution. It must be clear which exchange has the first right to these funds in the case of a default. Defined rules around these issues are essential. The matters concerning the guarantee fund and the guaranteeing of trades must also be addressed.	Please see response above – the Standard does not prescribe a centralised information system. Please see response above – the Standard does not prescribe a centralised information system. Please see responses elsewhere to same comment repetitively made by commentator.

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		<u>Closing price</u> (5) An exchange with common listed securities must have clear arrangements and procedures in place with the other exchange on which the securities are listed, to ensure the market is provided with a closing price for the trading day. (6) Exchanges must ensure that the – (a) closing price of common listed securities are determined by the closing auction of the primary exchange; and (b) opening price of common listed securities are the same on the primary and secondary exchanges. *Market Data* (7) An exchange with common listed securities or common authorised users, or both, must	**Equitable Market Creation:** The SAIS supports the creation of a competitive and equitable market. An independent utility offering centralised regulations with equal access for exchanges to capital should be created. Integration of regulations should prevent any exchange from assuming first right to an authorised user's capital in the event of a default. A seamless process requires clearly defined policy. **International Standards:** International standards allow for shares to be traded freely, even on exchanges not permitted to engage in primary listings. Similarly, all stocks should be eligible to trade across exchanges in South Africa, akin to the Multilateral Trading Platforms in the European Union. By addressing these challenges and implementing a robust framework, exchanges can ensure efficient handling of cross-trading, protect market integrity, and maintain investor confidence. ***<u>Option by issuers to trade on any secondary exchange</u>*** **Preventing Quality Gaps**: Uniform listing requirements help maintain the overall quality and integrity of the market, preventing a scenario where lower standards on secondary exchanges could attract companies with weaker fundamentals.	Noted. Noted. These elements need to be negotiated by affected parties and will not be prescribed in the Standard. Noted. These elements need to be negotiated by affected parties and will not be prescribed in the Standard.

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		provide relevant market data to other exchanges that has the same common listed securities, and must do so free of charge for supervisory and surveillance purposes. (8) The market data referred to in subsection (7) must be provided at the end of each trading day, or as frequently, and in the format as agreed to between the exchanges. ***Real Time data feeds or interface between exchanges*** (9) An exchange with common listed securities must- (a) agree on real time data feeds or interface capabilities with other exchanges that have the same common listed securities; and	**Fair Competition:** Ensures a level playing field where companies compete fairly based on their performance and not on regulatory arbitrage. ***Reference price*** Maintaining the same reference price across primary and secondary exchanges is crucial for ensuring market integrity, enhancing liquidity, and promoting investor confidence. It prevents arbitrage opportunities that can lead to market inefficiencies and reduces the complexity of regulatory oversight. Discrepancies in reference prices can create significant market risks and regulatory arbitrage opportunities, undermining the fairness and efficiency of the financial system. ***Closing price*** Having the same closing price on primary and secondary exchanges is crucial for maintaining market integrity, ensuring operational efficiency, and promoting investor confidence. It prevents arbitrage opportunities that can lead to market inefficiencies and reduces the complexity of regulatory oversight. Discrepancies in closing prices can create significant market risks, regulatory challenges, and operational	The recommendation is out of the scope of this Conduct Standard and is not accepted. The FMA, as primary legislation, imposes a listing process in terms of which shares may be traded on exchange. Requirements in a Conduct Standard which is subordinate legislation cannot waive the listing requirements in the FMA as primary legislation .

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		(b) provide real time data feeds or interface capabilities to other exchanges listing common securities to avoid duplication of processes relating to the trading of such common securities. (10) The real time data feeds and interface capabilities referred to in subsection (9) must – (a) be cost effective and ensure compliance with the regulatory obligations of exchanges; (b) be made available to the Authority to ensure the Authority receives real time data for supervisory and regulatory purposes; and (c) be made available to other exchanges at no additional cost other than the direct,	difficulties, undermining the fairness and efficiency of the financial system. Differing closing prices can complicate the settlement process, leading to potential errors or delays in clearing and settlement operations. Inconsistent Portfolio Valuation: Portfolio managers might face challenges in valuing their holdings accurately if closing prices differ, leading to inconsistent performance reporting and potential client dissatisfaction. **Impact on Market Participants:** **Information Asymmetry**: Different closing prices can create information asymmetry, where only sophisticated investors can navigate the market effectively, disadvantaging retail investors. **Erosion of Trust**: Discrepancies in closing prices can erode trust in the market, as investors might perceive the market as being unfair or unreliable. ***Real Time data feeds or interface between exchanges*** There must be robust data agreements between primary and secondary exchanges that should include several critical elements to ensure clarity, consistency, and legal compliance. While specific agreements can vary based on the	Weaker fundamentals is not inherently a violation of listing requirements. Unless an issuer does not meet the listing requirements of a secondary exchange, that issuer is not barred from seeking capital on an exchange. The FSCA does not agree that competition in a financial market that allows primary and secondary listings is based on regulatory arbitrage. Noted.

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		efficient, incremental costs of making the data feed available. (11) Where an exchange makes available a data feed referred to in subsection (9) to another exchange, the exchange may limit the purposes for which the other exchange may use the data feed, if such purpose directly related to - (a) the obligation to monitor and enforce compliance with its listing requirements; or (b) in the case of the notification referred to in section 12 (8) below, placing trades into a trading suspension, or lifting or removing that trading suspension, on the market of the other exchange. (12) Electronic data transmitted through real time data feeds	parties involved and the scope of the data sharing, the following general components must be addressed: Clearly define the purpose of the agreement, such as facilitating market integrity, enhancing transparency, or improving price discovery. Specify the types of data to be shared, such as trade data, order book information, closing prices, and market indices. Data Sharing and Usage: • Data Formats and Standards: Define the format, standards, and protocols for data exchange to ensure compatibility and interoperability. • Frequency and Timing: Outline the frequency (e.g., real-time, end-of-day) and timing of data sharing. • Usage Rights: Clarify how the shared data can be used by the receiving exchange, including any restrictions on redistribution or commercial use. Confidentiality and Security: • Confidentiality Obligations: Establish obligations to maintain the confidentiality of sensitive information and prevent unauthorised access.	Noted. Noted.

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		or interface capabilities must– (a) be in a machine-readable format as agreed to between the exchanges; (b) comply with any data security requirements as agreed between the exchanges; (c) be redelivered by the exchange if there is disruption to the real time feed or interface capability through which the data is provided; and (d) accommodate alternative means of data exchange if the data source is unavailable.	• Data Security Measures: Specify the security measures and protocols to protect the data from breaches, including encryption, access controls, and auditing. • Regulatory Compliance: Ensure that data sharing complies with relevant regulatory frameworks and standards set by regulatory bodies such as the Financial Sector Conduct Authority (FSCA). • Audit and Reporting: Define the requirements for auditing data usage and reporting any discrepancies or issues. Data Quality and Accuracy: • Data Quality Standards: Establish standards for data accuracy, completeness, and timeliness. • Error Handling: Outline procedures for identifying, reporting, and rectifying data errors. Intellectual Property and Ownership: • Ownership Rights: Clarify the ownership rights of the data being shared and any derived data products.	Noted. Noted. Agreed – the affected exchanges will need to negotiate the terms relating to the sharing of data.

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		Distribution of price sensitive information and cautionary announcements (13) When an exchange is determining what information it needs to disseminate, it must at all times comply with the principle of full, timely and accurate disclosure of current and reliable information which may be material to investment decisions. (14) A primary exchange must, subject to the principle outlined in subsection (13), disseminate price sensitive information and cautionary announcements to all investors in the market via its distribution channel, whereafter	• Intellectual Property: Address any intellectual property issues related to the data. Dispute Resolution: • Dispute Resolution Mechanisms: Define the processes for resolving disputes that may arise from the data sharing arrangement, including mediation, arbitration, or litigation. Liability and Indemnity: • Liability Provisions: Specify the extent of liability for data inaccuracies, breaches, or misuse. • Indemnity Clauses: Include indemnity clauses to protect parties from claims arising from the use of shared data. Termination and Amendments: • Termination Conditions: Outline the conditions under which the agreement can be terminated by either party. • Amendment Procedures: Define the procedures for amending the terms of the agreement, including mutual consent requirements.	The items in these comments could be considered by the affected exchanges. However, the Conduct Standard will not be prescriptive in this regard.

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		secondary exchanges must as quickly as possible, disseminate the same price sensitive information through its preferred distribution channel. (15) A primary exchange is not obligated to delay the publication of price sensitive information and cautionary announcements if the secondary exchange is technically unable to disseminate the information. (16) A secondary exchange may not disseminate price sensitive information and cautionary announcements ahead of the primary exchange. ***Corporate actions*** (17) The primary exchange is responsible for the procedure and	***Distribution of price sensitive information and cautionary announcements*** The distribution of price-sensitive information and cautionary announcements between primary and secondary exchanges in South Africa is a critical aspect of market integrity and fairness. Ensuring simultaneous and consistent release through robust systems, strict compliance, and clear communication channels is essential to prevent information asymmetry, market manipulation, and reputational damage. Effective mitigation strategies and close regulatory coordination are vital to managing the associated risks and maintaining investor confidence. ***Corporate actions*** The lack of synchronization between primary and secondary exchanges in terms of listings requirements and corporate actions processes can lead to significant market risks. These include market fragmentation, regulatory arbitrage, investor confusion, operational inefficiencies, and increased regulatory scrutiny. Harmonising these requirements and processes is crucial for maintaining	

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		timetable in respect of corporate actions to ensure that investors will, in the interest of fair treatment, receive the same entitlements and on the same timetable. (18) The primary exchange must consult on the procedure and timetable for corporate actions referred to in subsection (17) with the secondary exchange, especially where the corporate action has an impact on a secondary exchange from a clearing and settlement perspective. (19) Pursuant to subsection (17), the primary exchange and secondary exchange must ensure alignment between their listing requirements and clearing rules in respect of the	market integrity, protecting investors, and ensuring the smooth functioning of financial markets. ***Mechanisms to enable a single contract note and best execution*** *Matched Principal trades* ***– already in place to assist in this process.*** The SAIS note that the introduction of this trade type was to facilitate the generation of a single contract note in respect of trades transacted by a broker for an institutional client ("Client") in the same security across two exchanges in the republic, namely A2X and the JSE in pursuit of best execution. Where a member trades across both A2X and the JSE when transacting for a client, and uses the Matched Principe trade type on A2X to facilitate the issuing of a single contract, the following process would need to be followed: 1. Trade as agent into a dedicated client suspense account in the name of the Client on A2X, in respect of the equity securities bought or sold on the A2X central order book in filling the Client order; 2. Trade into a Matched Principal stock account on the JSE, in respect of the equity securities bought or sold on the JSE central order book in filling the client's order;	Noted.

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		corporate action process. ***Mechanisms to enable a single contract note and best execution*** (20) An exchange with common listed securities and common authorised users must enter into an agreement with the other exchange setting out a mechanism to enable the issuance of a single contract note where common listed securities have been traded across multiple exchanges. (21) An exchange with common authorised users must enter into an agreement with the other exchange setting out a mechanism to ensure best execution for clients of the common authorised users,	3. Through the A2X trading system, execute a Matched Principal off-book trade between the member's Matched Principal stock account in MeCRAS and the client suspense account, which is an equal but opposite trade to the trades in the Matched Principal stock account on the JSE; Allocate the A2X central order book trades and the reported Matched Principal trade on the client suspense account on MeCRAS to the underlying clients of the Client at the average price. A Matched Principal trade on the member's Matched Principal stock account will be treated as a central order book trade and the allocations to the Clients accounts will be settlement assured by A2X and will attract a Capital Exposure Requirement ad per A2X's current risk methodology. A possible concern remains that the Matched Principal trade type could introduce to the market as well as the netting a central order book trade and an off book reported trade. The SAIS would also like to highlight that although the new proposed trade type is only meant for central order book transactions on both A2X and the JSE, due to constraints and complexities of netting off book and on market trades and systems not readily able to differentiate between	Noted. The requirements in subsections (17) to (19) are aimed at addressing these risks. Concerns noted. The conduct standard does not mandate or specify any trade types and the trade types for which a single contract note can be issued should be agreed upon as the standard stipulates. The intention of the single contract note requirement is not to add any operational risks but to address fragmentation across exchanges and assist with best execution.

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		which agreement must address the following: (a) The manner in which such orders are prioritised and matched, and transactions are executed across different exchanges; (b) the manner in which common authorised users will be enabled to achieve best execution and the requirement that authorised users must look across the platforms upon which the common listed security is traded in order to assess whether best execution has been achieved; (c) the process by which the exchanges will monitor common authorised users executing trades and to minimize the recurrence of breaches of the	these different trade types across markets. It therefore makes it possible for both off-book trades and central order book trades, on the two markets, to be consolidated in single contract notes and netted settlement instructions which will introduce additional operational risk.	

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		parameters set by exchanges in respect of their trades; (d) whether the common authorised user deals as principal with clients; and (e) the arrangements the common authorised users must have in place for the management of conflicts of interest that may arise between the authorised user and those clients; (22) An exchange must require common authorised users to report on the method chosen for best execution in line with proving that execution of client's orders adhere to the best price, cost, and speed principles outlined in subsection (21) above.		Concern noted. The conduct standard does not mandate or specify any trade types and the trade types for which a single contract note can be issued should be agreed upon as the standard stipulates. The intention of the single contract note requirement is not to add any operational risks but to address fragmentation across exchanges and assist with best execution.

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		(23) An exchange must publicly disclose the results of best execution by common authorised users on a quarterly basis. (24) An exchange must, on a quarterly basis,		
137.	JSE	11(2) - Disclosures regarding cross-market trading	Subparagraph 11(2) seemingly requires an exchange to provide investors on its exchange with disclosures about the risks and benefits of trading dual listed securities on a competing exchange, as cross-market trading includes trades on a competing exchange by definition. It is incomprehensible and unprecedented that competitors in a competitive environment can be required to inform their common clients about the risks and benefits of using both their own services and those of a competitor. This obligation is illogical and interferes with the normal commercial practices in a competitive environment. No competitor can reasonably be expected to inform its clients about the potential consequences of using a competing firm. The common clients must	Section 11(2) prescribes a disclosure of risks and benefits of the act of cross-trading, and does not impose an obligation on exchanges to compare exchanges *per se*.

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			determine what those consequences might be, and in the case of cross-market investors, are entirely capable of doing so. This disclosure requirement should therefore be deleted from the draft Conduct Standard.	
138.	JSE	11(2) – Investor complaints and disputes	Paragraph 11 deals with cross-market trading according to its heading. Subparagraph 11(2) must therefore be viewed in this context. Section 17(2)(t) of the FMA requires an exchange to have rules on the manner in which complaints against an authorised user must be investigated. An exchange is also required by law to implement dispute resolution mechanisms (an ombud scheme) to deal with disputes between authorised users and their clients. In general terms, the obligation in paragraph 11(2) for an exchange to establish mechanisms to deal with investor complaints and disputes is superfluous because this matter is already adequately addressed in the FMA and the dispute resolution legislation. But in specific terms, the issue of investor complaints and disputes seems unrelated to cross-market trading. An exchange must implement rules and mechanisms to deal with investor complaints and disputes regarding transactions on that exchange, or the activities of authorised users on that exchange or under that exchange's rules. An exchange cannot deal with investor	The commentator's opinion is noted that exchanges are already subject to statutory obligations under section 17(2)(t) of the FMA and applicable dispute resolution legislation to establish mechanisms for investigating complaints against Authorised Users and for resolving disputes between Authorised Users and their clients. Section 11(2) is not intended to duplicate or replace these statutory requirements, nor to extend an exchange's jurisdiction to investigate or adjudicate complaints arising on another exchange. Section 11(2) must be read in the specific context of cross-market trading arrangements contemplated in section 11 as a whole. The purpose of the provision is to ensure that, where cross-market trading mechanisms, information-sharing arrangements or coordinated trading models are implemented between exchanges, investors are not left without a clear, transparent and accessible pathway for raising concerns that arise from such arrangements. The FSCA considers that, without such clarification, cross-market trading arrangements may inadvertently create gaps, confusion or delays in complaint handling, to the detriment of investors and market confidence. Section 11(2) is therefore necessary to ensure investor protection, accountability and transparency in cross-market trading, while remaining fully consistent with the FMA.

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			complaints or disputes regarding trading on another exchange, which is what the requirement in paragraph 11(2) seems to contemplate, given its cross-market trading context. In the absence of any clarification on how investor complaints and disputes relates to cross-market trading, and an explanation as to why the existing provisions in the legislation on investor complaints and disputes do not adequately deal with the matter, necessitating a conduct standard, we suggest that the obligation for an exchange to establish mechanisms to deal with investor complaints and disputes in relation to cross-market trading be removed from the draft Conduct Standard.	We therefore do not agree with the proposal to delete the requirement as it serves a specific purpose and should be considered in conjunction with the requirements in the FMA
139.	BASA	Section 11(3), Cross-trading between exchanges	International standards allow for shares to be traded freely, even on exchanges that are not allowed to engage in primary listings. All stocks should be eligible to be traded across exchanges, which is similar to the Multilateral Trading Platforms in the European Union.	The FSCA issued *FSCA Communication 19 of 2024 - The operations of Multilateral Trading Facilities and Exchanges in terms of the Financial Markets Act, 2012*, accessible on the FSCA website which clarified that the current existing legal framework does not permit nor make provision for an MTF.
140.	JSE	11(3) – Option to trade on any secondary exchange	An issuer cannot simply trade its securities on any exchange, but must make application to an exchange to be placed on the list of securities traded by that exchange. The fact that an issuer is listed on an exchange does not entitle that issuer's securities to simply be admitted for trade on any other exchange. Instead, an application for listing must be made by the issuer to another exchange to	The recommendation is accepted.

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			enable the admission of securities to trade on that exchange. An application to list must be made in terms of the rules and requirements of the exchange, which include a contractual agreement between the issuer and exchange whereby the issuer undertakes to comply with all rules and requirements of the exchange. To ensure alignment with the requirements of the FMA, we recommend that subparagraph 11(3) is amended as follows: An issuer with a primary listing on one exchange may only trade its securities on any secondary exchange if the issuer **has applied to the secondary exchange to be listed and the secondary exchange determines that the issuer** meets the listing requirements of that secondary exchange.	
141.	SAIS	**Section 11(3), Cross-trading between exchanges**	**Broader Industry Perspectives** International standards allow for shares to be traded freely, even on exchanges that are not allowed to engage in primary listings. All stocks should be eligible to be traded across exchanges, which is **similar to the Multilateral Trading Platforms** in the European Union.	Please see response to comment 136 above.
142.	JSE	11(4) - Reference price	A reference price is generally understood to be a price that is widely published and regarded by investors as a reliable price. Typically, this would be a price (e.g. midpoint price, closing price or volume-weighted price) traded on the security's primary	The comment is noted. Please see revised drafting of the provision is section 11(5) and the addition of a new section 11(4). The FSCA acknowledges the JSE's concerns regarding the practical and conceptual challenges associated with prescribing a single prevailing

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			exchange. However, there are no restrictions on the exchange (primary or secondary exchange) that can be referenced, and the exchange of reference is determined by investors. Consequently, it is unnecessary to provide requirements in respect of a reference price in the draft Conduct Standard, as - • It is unlikely that a secondary exchange has requirements pertaining to corporate actions and transactions over and above those prescribed by the primary exchange, as this would result in a duplication of regulation by the primary and secondary exchange. Further, it is unlikely that a secondary exchange will have requirements that conflict with the primary exchange for corporate actions and transactions. • A secondary exchange will simply rely upon the issuer complying with the requirements of the primary exchange, as the issuer is subject to the full requirements of the primary exchange, and thus it is unnecessary for the secondary exchange to use the reference price of the primary exchange. • Accordingly, it is only the primary exchange that must concern itself with the metrics referred to in subparagraphs	reference price, particularly in circumstances involving multiple primary listings or external exchanges. We agree that corporate actions and issuer-related metrics remain governed by the listing requirements of the relevant primary exchange. However, we consider it important to retain requirements addressing the governance of reference prices specifically in the context of domestic cross-market trading arrangements, where inconsistent price usage could give rise to investor confusion or market integrity risks. Section 11(4) is therefore revised to clarify that it does not prescribe a universal reference price, does not apply to external or multiple primary listings, and is limited to requiring exchanges to agree on and disclose reference price methodologies where such prices are required for cross-market trading purposes

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			11(4)(a) to (c), as determined by the trading on that exchange, as the corporate events and transactions will be governed by the listing requirements of the primary exchange only. Furthermore, the proposal is impractical and cannot be enforced, as an issuer can have a primary listing on more than one exchange, with a different volume and value of securities traded on each exchange. In such circumstances there is no single primary exchange reference price, but multiple such prices. An issuer may have a primary listing on an external exchange and a secondary listing on various local exchanges. There is generally a difference in reference price between an external and a local exchange for the same securities traded on both exchanges, due to several factors, mainly foreign exchange differences. Whilst we understand that the draft Conduct Standard does not apply to external exchanges, it is worth noting that it would be inappropriate for the reference price of the external primary exchange to prevail in such circumstances. We therefore recommend that subparagraph 11(4) be deleted.	
143.	A2X	**11- Cross-trading between exchanges** **Closing price**	Please clarify if is to be provided real time or on a delayed basis ? It is submitted and consistent with international practice, that closing prices are determined by the primary	The requirement is not prescriptive on whether the closing price needs to be provided to the other exchanges in real time or on a delayed basis. The conduct standard is clear that the exchanges have to agree on that and make the necessary changes and

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		(5) An exchange with common listed securities must have clear arrangements and procedures in place with the other exchange on which the securities are listed, to ensure the market is provided with a closing price for the trading day.	market and should be provided real time to the secondary market to ensure alignment. This is consistent with the principle of sharing information between exchanges for regulatory purposes.	implement the necessary procedures to comply with this requirement. The FSCA prefers to not be prescriptive and leave it to the exchanges to agree on.
144.	JSE	11(5) and 11(6) – Closing and opening prices	It is unnecessary, impractical, and potentially detrimental to the South African capital markets for the draft Conduct Standard to include requirements in respect of 'opening price' and 'closing price'. The closing price of a security is not, in all circumstances, determined by a closing auction. In support of a competitive environment to enable differential and unique offerings, an exchange may have different trading rules and may employ various methodologies to determine a closing price (e.g., last traded price, previous close, VWAP, last midpoint, etc.). And an exchange may employ different methodologies to determine a closing price for securities in different segments of the market. Where an exchange has both primary and secondary listings, it would be unreasonable to expect an exchange to implement different or separate	Suggestion noted however we do not agree that these requirements should be deleted. The FSCA considers it necessary to retain requirements to ensure that opening and closing prices are determined in a transparent, clearly disclosed and non-misleading manner, particularly in a cross-market trading environment where the same security is traded on multiple venues. Please see revised wording to relevant subsections referred to by the commentator to clarify.

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			closing price mechanisms for primary and secondary listings, requiring the exchange to determine the closing price for primary listings but reference the closing price at a security's primary exchange for secondary listings. As an issuer may have a primary listing on more than one exchange, there would be no single primary exchange closing price, but multiple closing prices. An issuer may also have a primary listing on an external exchange and a secondary listing on one or more local licensed exchanges, and it would be detrimental to the South African capital markets if a closing price could not be established on a secondary exchange, as the licensed local exchange would have to reference the closing price in a foreign currency at the security's primary external exchange. It is an unreasonable expectation that the opening price of a common listed security would be the same across primary and secondary exchanges, as a price is not set prior to the opening of market trade. An opening price is ordinarily determined by the first trade when an exchange opens on the trading day, consequently the opening price will not necessarily be the same price on both exchanges. Therefore, we recommend that subparagraphs 11(5) and 11(6) be deleted.	
145.	BASA	**Chapter 4, Section 11(6)**	➢ We recommend the Authority should also consider the	Suggestion noted however the FSCA does not intend to propose mandatory volatility auction requirements in

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			"Volatility Auction" as mandatory requirement for the exchanges that listed common-listed securities to avoid price mismatch between 2 exchanges for the same security.	the conduct standard as not all the exchanges use the same kind of volatility controls. It is agree that the management of excessive volatility and the prevention of disorderly trading are critical to market integrity, particularly in a multi-exchange environment. However, prescribing a specific market mechanism, such as a volatility auction, would be overly prescriptive and inconsistent with the objective of allowing exchanges to develop differentiated trading models and risk controls. The FSCA considers it more appropriate to require exchanges to implement effective and transparent volatility management mechanisms for common-listed securities, and to consider cross-market effects when calibrating such mechanisms, without mandating a specific trading model.
146.	Nedank	Chapter 4, Section 11(6)	The Authority should also consider the Volatility Auction as mandatory requirement for the exchanges that listed common-listed securities to avoid price mismatch between 2 exchanges for the same security.	See response to comment directly above.
147.	A2X	**11- Cross-trading between exchanges** **Market Data** (7) An exchange with common listed securities or common authorised users, or both, must provide relevant market data to other exchanges that has	This section states that both exchanges should provide their market data to one another free of charge. How will this be implemented. Real-time Market data is often provided via a vendor and charges levied are inclusive of the said vendors fees. It would seem practical for exchanges to share information	The FSCA does not specify specific market data that must be shared, for the purpose that each exchange may determine which market data will be necessary for appropriate supervisory and surveillance purposes. Furthermore, for purposes of this section, relevant market data includes, at a minimum, information relating to executed trades, order book activity, timestamps, volumes, prices, and such other data as may reasonably be required to support effective cross-market surveillance and the detection of market abuse.

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		the same common listed securities, and must do so free of charge for supervisory and surveillance purposes.	directly and this will require discussion and agreement between exchanges. It is our submission that "relevant" market data should be defined and be specified. Leaving issues like this to be interpretated may lead to delays in implementing as competing exchanges will potentially have conflicting interpretations .	
148.	BASA	Chapter 4, Section 11(7)	➢ We recommend that the Authority considered the privacy requirements under POPI Act, notably for clients or investors who only trade common listed security through either primary exchange or secondary exchange, not through both exchanges.	The Standard does not override the obligations on market infrastructures with regards to the POPI Act. It must be noted that the sharing of information required by section 11(7) is in respect of an exchange with common listed securities. Furthermore, the term 'common listed securities' is referring to securities that are listed on more than one exchange. The provision is not attached to who purchases the securities, but to the fact that the security is listed on more than one exchange – irrespective of the investors.
149.	JSE	11(7) – Provision of market data	It is important to clearly define the precise supervisory and surveillance functions of an exchange that would require market data from other exchanges as an enabler of those functions. It is not clear to us which data components the supervisory and regulatory teams of an exchange would require from other exchanges in order to fulfil their regulatory responsibilities. We also note that common listed securities may be traded on exchanges outside of South Africa, and that common authorised users may be members of exchanges outside of South Africa. As such, if the envisaged access to data was indeed required to perform regulatory and	Please see insertion of new section 11(9), which deals with the minimum market data to be included. Importantly, cross-market data is required to: • detect cross-venue market manipulation (layering, spoofing, wash trades), • identify order routing strategies across venues, • monitor price formation and fragmentation effects, • assess best execution and disorderly trading, • supervise common authorised users operating across exchanges. These risks cannot be effectively supervised using single-venue data where the same security trades concurrently on multiple exchanges. Section 11(7) applies only to licensed South African exchanges subject to the FMA.FSCA has no

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			supervisory functions, then it follows that the corresponding data from overseas exchanges would also be required. In the event that there is, in fact, a requirement for this level of data sharing - which we do not agree with at this stage - then the conflicts of interest clauses in paragraph 5 are essential to ensure that such data is not used, or made accessible, for any commercial purposes. We also suggest that 'relevant market data' needs to be carefully defined to only incorporate information on the price at which shares are trading or have recently traded, or appear likely to trade in the near future. This would be limited to real time feeds and would not include structured corporate action data, market analytics, index data or statistics. Finally, there are likely to be real costs associated with the delivery and monitoring of bespoke data feeds that must be provided to the exchanges envisaged in this clause. With no ability to recover these costs from the subscribing exchanges, it will be necessary to subsidise these costs from other parts of the business, which is in conflict with paragraph 6.	jurisdiction to compel overseas exchanges. Cross-border data sharing is addressed via MOUs and regulatory cooperation, not conduct standards. This concern is valid in principle, but already addressed: • Section 5 (conflicts of interest) explicitly restricts commercial use. • Data sharing is solely for supervisory and regulatory purposes. • Exchanges are already trusted custodians of sensitive data under the FMA. Rather than removing the obligation, this supports retaining and reinforcing governance safeguards. It is not agreed that the cost for the data feed should be carried by investors. This is a regulatory obligation, not a commercial function of an exchange. Exchanges already incur costs to meet statutory obligations. Direct exchange-to-exchange feeds can be implemented at far lower cost than vendor products. Regulatory compliance costs are not "subsidisation" they are part of being a licensed exchange. Noted, however indications are that exchanges often make use of market data provided via a vendor and charges levied are inclusive of the said vendors fees. If exchanges directly share information these fees that are an existing expense can be offset against the cost implications mooted by the commentator.
150.	Nedbank	Chapter 4, Section 11(7)	Has the Authority considered the privacy requirements under POPI Act, notably for clients or investors who only trade common listed security through either primary exchange or	See response to same comment raised by BASA in comment 145 above.

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			secondary exchange, not through both exchanges.	
151.	SAIFM	Section 11) – Cross-trading between exchanges (7) – Market Data (23) – Best execution	Data is an extremely costly commodity. This paragraph required such data to be shared free of charge for supervisory and surveillance purposes, but it is not clear who will be using this data and to whom the market infrastructure must provide this free of charge, nor is it clear enough what data, within what time frame and through what mechanisms. It is not clear if this requirement is to disclose anonymised information. If best execution results must be disclosed by specific authorised users, this requires the disclosure of proprietory business models and will fall foul of the Protection of Personal Information Act, 2013. How and what data to be shared needs to be specified more clearly.	The data must be provided to other exchanges with which the sharing exchange has common listed securities. Please see insertion of new section 11(9) pertaining to minimum data points to be shared. The provision has been updated to require that the information is anonymised.
152.	A2X	**11- Cross-trading between exchanges** **Real Time data feeds or interface between exchanges** (9) An exchange with common listed securities must – (a) agree on real time data feeds or interface capabilities with other	The standard states an Exchange with common listed securities must agree on real-time data feeds or interface capabilities. We would suggest that each Exchange allows the other to setup a Point-of-presence (POP) in their respective Data Centres. This would enable Data interoperability between both exchanges as well as provide a more efficient connection point for the exchanges thus allowing mutual Members to connect and receive market data from each exchange in a simple and cost effective manner,	The FSCA is not opposed to exchanges setting up POPs within their respective data centres by agreement if this will streamline and improve compliance with the sub-section. However, this arrangement will not be prescribed.

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		exchanges that have the same common listed securities; and (b) provide real time data feeds or interface capabilities to other exchanges listing common securities to avoid duplication of processes relating to the trading of such common securities.	avoiding duplication of processes, cost and infrastructure.	
153.	JSE	11(9) – Real-time data feed to exchanges	We refer to our comments on subparagraph 11(7) regarding the purpose of real-time feeds, restriction on charging any fees, and the requirement for data from global exchanges. Subparagraph 11(9) references processes relating to trading, whereas subparagraph 11(7) is limited to supervisory and surveillance purposes. We do not believe that there should be a regulatory mandate to share real-time data between exchanges for any purposes other than legitimate and necessary supervisory or surveillance purposes. For any commercial purposes, there already exist well-established mechanisms for any third party to license and receive exchange data. To the extent that an exchange can leverage another exchange's data to enhance their own commercial value proposition, they should be subject to the same market forces and processes	The real time data feeds must only be shared for the purposes of complying with the requirements of this Conduct Standard, the FMA and the FSR Act. The intent of the requirement is to support regulatory coordination, reduce regulatory duplication, and ensure consistent market oversight where the same security trades on multiple exchanges. Regarding the requirement to share data to avoid duplication of processes relating to the trading of such common securities, in our view this refers to market-wide volatility controls, trading halts, price formation monitoring, disorderly trading detection, and coordinated responses to extreme events. Without shared real-time visibility one exchange may halt while another continues trading, this leads to inconsistent signals being sent to the market, and investor protection being weakened. We reiterate that they provisions are about coordination, not substitution of responsibilities, and further reiterate that the requirement applies only

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			as any other commercial consumer of that data. Furthermore, it is not clear how one exchange can rely on data from another exchange to 'avoid duplication of processes relating to the trading of common securities'. If these processes are regulatory in nature, then the exchange has an obligation to execute them to their own satisfaction, whereas if they are commercial in nature, it is not appropriate to oblige another exchange to provide such data at no additional cost.	between licensed exchanges, not to third parties (or exchange members), it is limited to regulatory use, not redistribution of commercial data and the intention is not to replace commercial market data products. The FSCA's intent is not to mandate real-time data sharing for commercial exploitation, venue competition, product enhancement, or order routing. The purpose and intent are strictly to support regulatory coordination, reduce regulatory duplication, and ensure consistent market oversight where the same security trades on multiple exchanges. Without shared real-time visibility one exchange may halt while another continues trading and this will lead to inconsistent signals being sent to the market and investor confidence being weakened. Importantly, each exchange retains full accountability for compliance. Shared data is an input, not a delegation of responsibility. The objective is to inform decisions, not outsource them. The standard applies only to domestic exchanges licensed under the FMA. Cross-border data sharing is dealt with via regulatory memoranda of understanding, not conduct standards.
154.	JSE	11(10)(b) – Real-time data feed to the FSCA	The FSCA has no market surveillance functions or powers in terms of the FMA to justify exchanges with common listed securities having to provide a real-time data feed and interface capabilities to the FSCA. The FSCA has investigative powers in respect of market abuse, but these powers do not	Section 108(1)(j) of the FSR Act provides that standards may be made on reporting by financial institutions to a financial sector regulator. As such, the FSCA is empowered to set reporting requirements generally. Section 108 requires that these standards be intended to achieve the objectives of the FSCA or the standard making powers of the FSCA – per section 57 and 106 of the FSR Act, respectively.

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			extend to real-time surveillance of transactions executed on an exchange. The FMA specifically provides these surveillance powers to the exchanges. It is noteworthy that the requirement for exchanges to provide real-time data and interface capabilities to the FSCA only applies to exchanges with common listed securities. This seemingly implies that the FSCA wishes to assume some form of cross-market surveillance function only in respect of common listed securities. No explanation has been provided for why the FSCA needs to perform a surveillance function in respect of common listed securities, notwithstanding the fact that it has no powers to do so. If the FSCA wishes to obtain trade information from exchanges in order to support its investigative function in relation to market abuse, it can achieve this without requiring a real-time data feed from an exchange. An arrangement in this regard has been successfully implemented with the JSE, but it is neither a real-time data feed nor an interface capability. It instead involves access by the FSCA to certain of the JSE's market surveillance applications. We therefore believe that the requirement in the conduct standard for an exchange with common listed securities to provide a real-time data	Furthermore, it must be noted that the requirement is not aimed at imposing requirements for surveillance, but about regulatory oversight, investigatory preparedness, and cross-market coherence in fragmented markets. It is important to note that The FSCA has statutory responsibility for market abuse enforcement in the FMA and FSRA. Effective enforcement requires timely access to data. Furthermore, the FMA does not prohibit regulators from receiving real-time data. A conduct standard may impose information-sharing and cooperation obligations on licensed entities to support regulatory objectives. Having access to real-time or near-real-time data does not equate to exercising surveillance powers and does not displace exchange responsibilities. Regulators globally (including the European Securities and Markets Authority, Financial Conduct Authority and the Australian Securities and Investments Commission) receive real-time or near-real-time feeds without executing primary surveillance. As regards the need for the information, broadly, common-listed securities hold higher risk including regulatory fragmentation risk, which may require coordinated regulatory intervention. In addition, the requirement for exchanges with common listed securities to provide real-time data feeds and interface capabilities to the FSCA is not intended to confer or imply market surveillance powers on the FSCA, nor to displace the primary surveillance

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			feed and interface capability to the FSCA should be deleted.	responsibilities of exchanges under the Financial Markets Act. The purpose of this requirement is to support the FSCA's statutory responsibilities relating to the oversight of market integrity, the supervision of licensed market infrastructures, and the effective investigation and enforcement of market abuse, particularly in a market environment characterised by fragmentation and the trading of the same securities across multiple exchanges. The FSCA does not intend to conduct real-time trade surveillance or to replicate the surveillance functions performed by exchanges. Rather, timely access to relevant trading data enhances the FSCA's ability to assess cross-market risks, evaluate the effectiveness of exchange surveillance arrangements, and respond promptly where potential market abuse may span more than one trading venue. The application of this requirement to exchanges with common listed securities reflects the heightened regulatory risks associated with cross-venue trading of the same instruments and is proportionate to those risks. While existing bilateral arrangements for data access are acknowledged, the inclusion of this requirement in the conduct standard seeks to ensure consistency, scalability and regulatory certainty across the market as additional exchanges and common listings emerge. Any data provided pursuant to this requirement will be subject to appropriate governance, confidentiality and use restrictions and will not be utilised for commercial or trading purposes. Additionally, the FSCA notes that existing investigative access arrangements exist, and they are effective in many cases. However, those arrangements are bilateral and discretionary they are not standardised, and they do not scale in a multi-exchange environment.

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				A conduct standard will ensure consistency, avoid regulatory dependency on individual exchange systems, and future-proofs the framework.
155.	JSE	11(10)(c) – Cost of providing data to other exchanges	Notwithstanding the fact that there is no justification for an exchange being obliged to provide real-time data to another exchange with common listed securities, including to 'avoid duplication of processes related to trading' per paragraph 11(9)(b), an exchange cannot be compelled by regulation to make such data available to another exchange at no additional cost other than the direct, incremental cost of making the data available.	Disagree. See response to the same concern raised by commentator throughout. We disagree that these requirements go beyond what is empowered in terms of the FMA and FSRA. The empowering provisions should be read with the FSCA's statutory objective (s57 of the FSRA) and functions (s58 of the FSRA) which explains the FSCA's mandate to, among others promote, to the extent consistent with achieving its objective sustainable competition in the provision of financial products and financial services. It is not clear why the commentator is of the view that it cannot be compelled to do so. In the absence of a clear argument the comment cannot be responded to in more detail.
156.	JSE	11(11)(a) – Real-time data feed for listing requirements	We are not aware of any reason why an exchange requires a real-time feed of trades on another exchange to monitor compliance by an issuer with the exchange's listing requirements. There may be rare and exceptional instances in which an exchange needs to share relevant trading information with another exchange to determine whether there has been a breach of common listing requirements by a common issuer, but this would involve an exchange of specific information relevant to the matter at hand. It would not require a real-time data feed. Therefore, we do not understand why an exchange needs to consider compliance with listing requirements	It is agreed that compliance by an issuer with an exchange's listing requirements is not ordinarily assessed on a real-time basis, nor does the provision seek to require continuous real-time monitoring of an issuer conduct or compliance by another exchange. The inclusion of issuer compliance with listing requirements as a permissible purpose for data sharing is intended to recognise that, in a fragmented market with common listed securities, trading activity across exchanges may in limited and specific circumstances be relevant to assessing whether an issuer has complied with its disclosure obligations, particularly in relation to material announcements, corporate actions or unusual trading patterns. While such situations may arise infrequently and may often be addressed through targeted information exchanges, the FSCA considers it appropriate for the conduct standard to enable timely and effective

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			as being one of the limited uses for which its real-time data is provided to another exchange with common listed securities. We therefore recommend that subparagraph 11(11)(a) be deleted.	cooperation between exchanges, rather than relying solely on ad hoc or retrospective requests, which may delay regulatory response where investor protection or market integrity concerns arise. The provision does not require a continuous real-time feed to be used for listing compliance monitoring but rather provides regulatory flexibility to support proportionate and coordinated action where trading information is relevant to a potential listing-related issue affecting a common issuer. The real time data feeds must only be shared for the purposes of complying with the requirements of this Conduct Standard, the FMA and the FSR Act. The subsection will not be deleted. See proposed drafting refinements.
157.	JSE	11(11)(b) – Real-time data feed for trading suspensions	There is no reason why an exchange needs a real-time data feed from another exchange in order to ensure that both exchanges suspend trading in a common listed security and lift a trade suspension at exactly the same time, as contemplated in paragraph 12(8). Synchronising the timing of suspensions merely requires both exchanges to communicate with each other on the exact time at which a suspension is to be imposed and lifted. Therefore, we do not understand why an exchange needs to consider the synchronisation of trade suspensions as being one of the limited uses for which its real-time data is provided to another exchange with common listed securities. We therefore recommend that subparagraph 11(11)(b) be deleted.	It is agreed that the decision to suspend or lift trading in a common listed security, and the coordination of the timing thereof, can ordinarily be achieved through direct communication between the relevant exchanges, without reliance on real-time trading data. However, the purpose of including the synchronisation of trade suspensions as a permissible use of shared data is not to facilitate the decision to suspend, but to support operational assurance and market integrity in circumstances where securities are traded concurrently on more than one exchange. In particular, access to timely trading information may be relevant to confirm that a suspension has been implemented effectively and simultaneously across venues, to identify any residual or delayed trading activity, and to address potential system, latency that could undermine the effectiveness of a coordinated suspension. The provision does not require continuous real-time data feeds to be used for suspension coordination in all cases, but rather enables proportionate and timely

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				cooperation between exchanges where such information is necessary to ensure the orderly execution and enforcement of a synchronized suspension or resumption of trading in a common listed security. The subsection will not be deleted. See proposed drafting refinements.
158.	A2X	**11- Cross-trading between exchanges** **Real Time data feeds or interface between exchanges** (12) Electronic data transmitted through real time data feeds or interface capabilities must– (a) be in a machine-readable format as agreed to between the exchange	The standard states that data transmitted through real-time data feeds must be in machine readable format. It is our submission that it would be preferable to elaborate on protocols i.e. in Multi-cast or FIX format as per global industry standards.	The FSCA will not be prescriptive regarding which specific machine readable formats the data feeds must be in. There are a number of reasons for this, including allowing for flexibilty and for the requirement to remain relevant despite changes in technology over time. If the protocols were to be prescribed in the Conduct standard it would mean that if the protocol s need to change then the Conduct Standard would need to be amended. We submit that the reference to machine readable format suffices, but if necessary the FSCA could issue guidance on the Conduct Standard with details on the preferred protocols.
159.	A2X	**11- Cross-trading between exchanges** **Real Time data feeds or interface between exchanges** (12)(d) accommodate	This principle is supported, and could be achieved through each exchange connecting to the other exchanges secondary data center	The FSCA is not opposed to such connections through data centres by agreement if this will streamline and improve compliance with the sub-section. However, this arrangement will not be prescribed.

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		alternative means of data exchange if the data source is unavailable.		
160.	JSE	11(12) - Electronic data transmitted through real time data feeds	Electronic data cannot be in a format as agreed between the exchanges and can only be within what is possible based on the disseminating exchange's technology platform. This would be aligned with the format consumed by all other authorised users of that exchange. Furthermore, a competing exchange cannot be allowed to delay technology upgrades or system improvements to core trading and data technology on the basis that they do not agree with the format. Mechanisms to re-deliver data typically involve an A and a B feed which the subscribing exchange would need to code against. This would be subject to the same service agreements that other data consumers of the exchange agree to. If there is a broad disruption to the distribution of a real time data feed in the market, then this would typically impact the orderly and fair operation of that market, which may necessitate a market halt. Subparagraphs 11(12)(c) and 11(12)(d) are only relevant in the case where the subscribing exchange cannot receive the data but all other market participants can.	Noted. Although the practicalities as explained by the commentator are understood it does not in our view require a change to the wording of the section, as the possibilities related to date exchange and the necessary technology would need to be discussed between the exchanges when negotiating the said agreement. It is therefore not an impossibility per se. Regarding the application of subsections 11(12)(c) and 11(12)(d) in instances where the subscribing exchange cannot receive the data, the context is noted, but it does not require a change to the drafting of these subsections as the circumstances needn't be spelled out in the Conduct Standard if the requirement would not be relevant in any other circumstances.
161.	BASA	Section 11, sections 13-16	➢ We request clarification why the sections covering the 'distribution	Sections 11(13) to 11(14) are intended to act as an overlay to the existing requirements for compulsory

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			of price sensitive information and cautionaries' appear under section 11 of the draft Standard's, which only deals with cross-exchange trading? - These requirements should equally be applicable to single exchange environments and so one may read this incorrectly as applicable to common-listed securities only.	disclosures under the FMA. The purpose of the sections is to set a process that must be followed for those instances when announcements must be made by two or more exchanges listing common securities. Exchanges that are the sole exchange on which securities are listed are still required to observe the requirements in the FMA.
162.	JSE	11(13) - Distribution of price sensitive information and cautionary announcements	The wording of subparagraph 11(13) provides that an exchange determines what information it needs to disseminate. It is the responsibility of the issuer and not the exchange to disseminate the information prescribed by the exchange rules and listing requirements, despite the fact that the exchange may provide a mechanism or system for its issuers to distribute price sensitive information and cautionary announcements. It is the responsibility of an issuer to comply with the principle of full, timely and accurate disclosure of current and reliable information which may be material to investment decisions. This obligation of compliance is placed on the issuer as follows: • An issuer, as part of its application for listing, agrees contractually to be bound by the listings requirements of the exchange it is to be listed on. • The listings requirements of an exchange are drafted	Disagree with the suggestion that the requirements be deleted. See refined drafting of section 11(13) to accommodate the fact that it is the issuer that disseminates the information.

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			considering the objects of the FMA, specifically the objects in section 2 of the FMA regarding fairness, increasing confidence, promoting protection, and promoting international competitiveness. Accordingly, the listings requirements prescribe the minimum disclosure that an issuer must make to investors as part of its application for listing and prescribe further ongoing disclosure requirements after listing (which apply for as long as the issuer is listed). • In the requirements prescribed, the exchange places a compliance obligation upon an issuer to disseminate information to the market, and the exchange provides the platform on which information is to be disseminated. As an example, the regulatory news service called the Stock Exchange News Service (SENS) is the platform JSE issuers are obliged to use for dissemination of the prescribed information. Given that the responsibility for distribution of price sensitive information and cautionary announcements should be provided for in the listing requirements of an exchange, and the Conduct Standard is not applicable to issuers, we	Disagree with the suggestion that the requirements be deleted. Please see response above.

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			recommend that subparagraph 11(13) be deleted.	
163.	JSE	11(13) - Distribution of price sensitive information and cautionary announcements	It is understood that the objective in paragraph 11(13) of the draft Conduct Standard is to ensure that information is disseminated timeously and equally to investors across all affected exchanges. Whilst the JSE supports this objective, it is re-iterated that it is the issuer and not the exchange that must disseminate price sensitive and cautionary announcements pursuant to its compliance with the rules and listing requirements of the exchange. As the responsibility to disseminate the relevant information is placed on the issuer, the primary and secondary exchange have no role to play in the dissemination of the relevant information, save that the exchange must enforce its requirements and ensure that the regulatory news service/ distribution channel is available to its issuers for purposes of disseminating the required information.	See response to the same comment by commentator directly above.
164.	Nedbank	Section 11, sections 13-16	Should the sections covering the 'distribution of price sensitive information and cautionaries' appear under section 11 of the draft regulations which only deals with cross-exchange trading? These requirements should equally be applicable to single exchange environments and so one may read this incorrectly as applicable to common-listed securities only.	See response to comment 158 above.

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165.	A2X	**11- Cross-trading between exchanges** **Distribution of price sensitive information and cautionary announcements** (14) A primary exchange must, subject to the principle outlined in subsection (13), disseminate price sensitive information and cautionary announcements to all investors in the market via its distribution channel, whereafter secondary exchanges must as quickly as possible, disseminate the same price sensitive information through its preferred distribution channel. (16) A secondary exchange may not disseminate price sensitive information	It is submitted that the general principle should be that "one level of information should be in the market at all times". In the situation where you have more than one exchange, with common authorised users trading the same product, where the regulatory announcements are aligned, it would seem advisable and consistent with the principle of avoiding duplicated costs and effort, that the distribution of one announcement through a general distribution channel, which all market participants have access to, would be preferable. Announcements that are unique to each exchange can be processed through the same medium given that the authorised users, investors and products are the same, Where there is unique product to one exchange, this should and can still be distributed through the same single general channel. Consistent with the primary and secondary listing construct, price sensitive information and cautionary announcements must be distributed by the primary market first. Again, the principle should be to avoid unnecessary cost and duplication and use one centarlised distribution channel. It seems counterintuitive to send out the same announcement to the same participants in respect of the	The FSCA will not be prescriptive as to which distribution channel must be used to disseminate information. The exchanges would have the flexibility to determine it preferred distribution channel and prescribing the channel would be unnecessarily restrictive. It would be up to each exchange to ensure that it complies with requirements relating to disclosure of price sensitive information. We agree, unnecessary duplication of costs, effort and information dissemination should be avoided, and that market transparency is best served where investors receive timely, clear and consistent information. Notwithstanding the efficiency benefits of a single dissemination channel, the FSCA does not support a model in which the regulatory obligation to disseminate price-sensitive or issuer-related information is effectively outsourced or centralised, as this would dilute the clear accountability of each licensed exchange for compliance with its statutory and regulatory obligations. A single, centralised distribution mechanism would introduce a single point of operational, technological and governance failure. From a regulatory perspective, resilience, redundancy and continuity of information dissemination are critical market integrity safeguards, particularly for price-sensitive information. While authorised users and issuers may overlap across exchanges, the regulatory obligations attaching to the dissemination of information arise separately under each exchange's listing and market conduct framework. The fact that information may be substantively similar does not negate the requirement for each exchange to ensure that dissemination obligations have been met in accordance with its own rules and supervisory responsibilities. The FSCA agrees that, consistent with the primary and secondary listing framework, price-sensitive information should ordinarily be released first through the primary market. However, this sequencing

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		and cautionary announcements ahead of the primary exchange.	same issuers more than once. It is submitted that this may have the result of causing confusion amongst market participants. In the even that two identical notices are required to be sent to the same recipients, the rationale should please be provided. Consistent with the principle set out above, it would seem appropriate that information should be disseminated in real time to all investors and without charge by an exchange. Investors that are not subscribed to receive real time price sensitive data are prejudiced by the delay.	does not displace the responsibility of secondary markets to ensure that such information is disseminated appropriately to participants trading on their venue, nor does it justify reliance on a single distribution channel. The FSCA does not agree that the dissemination of substantively similar announcements by more than one exchange necessarily results in confusion. On the contrary, consistent messaging across regulated venues may reinforce market confidence, provided that such announcements are aligned in content and timing. The Conduct Standard seeks to promote coordination and consistency, not the consolidation of regulatory functions or dissemination responsibilities For these reasons, the FSCA is not in favour of mandating a single, centralised distribution channel for issuer-related or price-sensitive information across exchanges. The Conduct Standard instead seeks to balance efficiency with regulatory accountability, resilience and investor protection by requiring coordination and alignment between exchanges, while preserving clear responsibility for dissemination on each licensed market.
166.	JSE	11(17) to 11(19) - Corporate actions	An exchange is empowered to define and prescribe the listings requirements that are applicable to each relevant corporate action. Each exchange may therefore have differing requirements pertaining to a single corporate action. One exchange may opt for more onerous requirements than another and the inverse may apply as well. The primary exchange cannot be responsible for the procedure and timetable of corporate actions, save in relation to what is stated and forms part of its own rules and listings requirements. Each exchange has its own settlement cycle, back-office	The FSCA acknowledges that there exist different practices within the various exchanges licensed in South Africa. Sections 11(17), 11(18) and 11(19) are a means to ensure that the different approaches followed in the exchanges where the issuer's securities are primary listed on one exchange and secondarily listed on another do not yield negative outcomes for investors. The provisions are drafted such that there is dialogue between the affected exchanges. The expected outcomes of this prescribed process for dealing with corporate actions is to improve the efficiency of the financial market. We do not agree with the commentator's view that the requirements somehow make the primary exchange 'to be responsible for 'the secondary exchange, and the

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			support processes and disclosure requirements, and hence must be responsible for its own processes in relation to a corporate action undertaken by an issuer. As the level and enforcement of regulation and processes associated with corporate actions, including timetables between exchanges, will differ, it is impossible for a primary and secondary exchange to align their requirements as proposed – the effect of such alignment is that the primary exchange is burdened with enforcing the requirements and processes to be undertaken by another exchange. This does not preclude the secondary exchange implementing additional procedural or timetable elements with respect to corporate actions within its own listing requirements. If alignment is prescribed by the draft Conduct Standard with respect to all corporate action activities of issuers, each exchange can no longer be unique or differentiate itself in the requirements that it prescribes. It is inappropriate and impractical for the primary exchange to be responsible for anything insofar as the secondary exchange is concerned, as the secondary exchange is a separate juristic entity, not governed by the primary exchange. We therefore recommend that subparagraphs 11(17) to 11(19) be deleted.	claim of impossibility is not substantiated in any way. The FSCA does not agree that the alignment contemplated in sections 11(17) to 11(19) requires uniform corporate action rules, identical listing requirements, or the elimination of differentiation between exchanges. The intent of these provisions is not to standardise or homogenise corporate action requirements across exchanges, but to ensure that, where the same issuer and the same security are traded on more than one licensed exchange, corporate actions are implemented in a coordinated manner that avoids market disorder, investor confusion and settlement risk. Furthermore, alignment does not require identical settlement timetables, but it does require exchanges to take reasonable steps to ensure that differences in operational processes do not result in materially inconsistent outcomes for investors in the same security. For this reason, the FSCA does not agree that coordination of corporate action processes undermines competition between exchanges. Differentiation may continue to occur in areas such as fee structures, trading models, market data offerings, technology, and additional listing requirements imposed by a secondary exchange. The Conduct Standard seeks to promote competition on the basis of service quality, innovation and efficiency, not through fragmented or inconsistent handling of corporate actions in respect of the same issuer and security. In addition, the draft Conduct Standard does not impose any obligation on a primary exchange to enforce the listing requirements, settlement processes or disclosure obligations of a secondary exchange. Each exchange remains fully responsible for administering, enforcing and supervising compliance with its own listing requirements and operational

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				processes. The primary exchange's role is limited to acting as the point of initial disclosure and coordination for corporate actions relating to a common-listed security. The FSCA acknowledges that exchanges may have differing settlement cycles, back-office processes and operational infrastructures. These differences do not negate the need for coordination; rather, they reinforce the importance of structured engagement between exchanges to manage corporate actions in a manner that mitigates settlement and operational risk The FSCA accepts that each exchange is a separate juristic entity and remains independently accountable for compliance with the FMA and its licence conditions. The coordination obligations contemplated in sections 11(17) to 11(19) do not compromise this independence, nor do they create a relationship of control or subordination between exchanges. The FSCA does not support the deletion of subsections 11(17) to 11(19). These provisions are necessary to ensure coherent and coordinated treatment of corporate actions for common-listed securities, while preserving the regulatory autonomy, legal independence and competitive differentiation of licensed exchanges.
167.	A2X	**11- Cross-trading between exchanges** **Corporate actions** **(**18) The primary exchange must consult on the procedure and timetable for corporate actions	It is submitted that this principle is correct. It may expedite the process if the issuer and their sponsor facilitate this engagement from an early stage of the process to allow early engagement.	Noted.

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		referred to in subsection (17) with the secondary exchange, especially where the corporate action has an impact on a secondary exchange from a clearing and settlement perspective.		
168.	A2X	**11- Cross-trading between exchanges** **Mechanisms to enable a single contract note and best execution** (20) An exchange with common listed securities and common authorised users must enter into an agreement with the other exchange setting out a mechanism to enable the issuance of a single contract note where common listed securities have been traded across multiple exchanges.	As the methodology on how to achieve one contract note has been agreed between the relevant exchanges, it is of vital importance to ensure that there are level playing fields in this regard. Practicalities require that a common authorised user must have the right to **elect at the end of day**, which exchange they wish to allocate a single contract note from. There is a current process in place however the said process is practically limiting for common authorised users as they are required to elect before trading where they intend allocating transactions. This results in practical difficulties and consequently authorised users being" forced" by practical and cost considerations to "favour" one exchange over the other. The process needs to be consistent and meet the requirements of being cost effective, simple and transparent.	The FSCA agrees with the objective of ensuring that the single contract note mechanism operates in a neutral, cost-effective and non-distortive manner. However, the FSCA does not support mandating a specific election timing, extending the construct to all trade types, or establishing an industry body with enforcement powers. These matters are appropriately left to market-led agreement between exchanges and authorised users, subject to regulatory oversight and intervention where implementation outcomes undermine fairness, competition or market integrity. This is in keeping with developing a conduct standard that is principles based. In addition, mandating when, how, and by whom allocation decisions are made would lock the market into a specific operating model; reduce flexibility as systems evolve and Invite constant amendment requests. Although allowing authorised users to allocate trades end-of-day appears neutral, this process can create incentives to optimise fees, latency or rebates post-trade or introduce new fairness concerns rather than eliminate them.

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			Consequently and additionally, there should be no reason why this construct should not be extended to the creation of a single contract note for transactions including order types and off-book trade types. It is key that an effective mechanism be put in place to ensure that agreement is reached between the exchanges in this regard. An efficient and effective industry body, including market participants, other than MIs, to ensure implementation of what the market requires, with enforcement powers is proposed to be considered to be implemented by FSCA (or another appropriate structure) to allow for enforcement of this provision.	The proposal for an industry body with enforcement powers is not supported. Note that the establishment of such a body would be for the National Treasury as policymaker to decide on and the FSCA does not have the power to establish such an entity. Please also see response to same suggestion by commentator in comment 48 and 56.
169.	BASA	Chapter 4, Section 11 Best execution subsections (20) to (24)	➢ We recommend that there needs to be considerable rule amendments to achieve best execution, which authorised users would appreciate if the exchanges would work together to facilitate. - We acknowledge the time and effort needed to achieve this favourable client outcome and are happy to make ourselves available to workshop with the relevant regulators. ➢ We also recommend that the wording of this Standard should go further than requiring the exchanges to enter into an agreement; but rather require that	1. The recommendation is noted, however the FSCA will not prescribe that the requirement is effected through rule amendments. The discretion is for the exchanges to determine the correct measures to take to give effect to the section. Noted. 2. Please see response above. The requirement for best execution results to be published and notified to the FSCA are to promote the adherence to best execution for the benefit of clients.

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			the exchanges proactively and efficiently amend their rules to facilitate the required changes to achieve the outcome. - This will most likely also require the exchanges to proactively work with their regulators to identify, amend and update any enabling legislation. Additionally, in respect of subsections (23) & (24), we appreciate the intention of these sections. We understand that it aims to be a mechanism to create visibility to the FSCA in terms of the exchanges achieving this outcome. We would recommend that the FSCA consider other ways of obtaining information from authorised users and the institutional clients in terms of whether this outcome is being achieved and whether the legislation and exchange rules are enabling or hindering best execution.	Suggestion noted, however in the absence of a direct mandate over authorised users the recommended 'other ways' will be unenforceable. Word in underway to amend primary law to empower the FSCA in this regard. Requirements will be adapted once such legislative changes takes effect.
170.	JSE	11(20) – Single contract notes	A 'single contract note' is a colloquial market term used in South Africa for both a single trade confirmation issued by an authorised user in respect of trades across different trading platforms and a single settlement instruction issued by an exchange in respect of trades across different trading platforms. But it is not the correct term to use in rules or conduct standards to identify a trade confirmation and settlement instruction	Section 11(20) does not require an exchange to assume settlement responsibility for trades concluded on another exchange, nor does it require the consolidation of settlement obligations across exchanges. It is clarified that the requirement is: An outcomes-based obligation to enable market-wide solutions Focused on investor experience, operational efficiency, and cost reduction Subject to:

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			that effectively combines trades across multiple exchanges into a single confirmation and settlement instruction, as if the trading across multiple exchanges occurred on a single exchange. A contract note, as referred to in exchange rules, is a written confirmation sent by an authorised user to a client of trades executed by the authorised user on behalf of the client. If an authorised user trades on behalf of a client on multiple exchanges, there is no reason why the authorised user cannot include the trades on the multiple exchanges in a single written confirmation (contract note) but that separately identifies the trades on each exchange. That would be a single contract note. But when market participants in South Africa refer to their desire for a 'single contract note' in relation to a trade confirmation, they specifically mean that the trades across multiple exchanges must be combined into a single aggregate quantity at a weighted average price on the contract note. That is going further than merely the issuance of a single written trade confirmation, as it also requires the aggregation of trades across different exchanges, where the trades on each exchange cannot be distinguished from each other on the trade confirmation. Professional market participants seemingly prefer trades across multiple exchanges to be	• Exchange rules • Settlement arrangements • Risk controls • FMA limits. What it is not: • Not a mandate to aggregate prices • Not a mandate to issue settlement instructions for other exchanges • Not a mandate to obscure execution venue • Not a mandate to redesign clearing or settlement architecture Section 11(20) is intended as an outcomes-based requirement aimed at enabling mechanisms that reduce unnecessary operational complexity and cost for market participants trading common listed securities across multiple exchanges, while preserving transparency, auditability and compliance with exchange rules and the FMA. It does not require an exchange to assume responsibility for the settlement of transactions concluded on another exchange, nor does it require an exchange to issue settlement instructions in respect of trades executed elsewhere. The FSCA further notes that existing voluntary arrangements between exchanges demonstrate that such mechanisms can be implemented in a manner consistent with the FMA, without undermining transparency or exceeding licensed functions. Section 11(20) does not prescribe a particular technical or operational model and allows exchanges, authorised users and post-trade infrastructures to determine appropriate solutions within the bounds of their respective regulatory obligations. Accordingly, the FSCA does not agree that paragraph 11(20) is unlawful or inconsistent with the objects of the

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			aggregated in a single, non-distinguishing trade confirmation because their systems are apparently not designed to consume separate trades in the same security at different average prices, across multiple exchanges, prior to them giving trade allocation instructions to the authorised user. But, importantly, the information in a trade confirmation also serves as a settlement instruction to the market participant's CSDP. Therefore, the reference to a 'single contract note' also means a single settlement instruction. The market participants want their trade confirmations and the settlement instructions sent to their CSDPs to match each other, so they do not want two exchanges sending separate settlement instructions in relation trades in the same security to their CSDPs. Therefore, any reference to a 'single contract note' actually means something other than one contract note (written trade confirmation) for trades across multiple exchanges. But far more importantly than the correct terminology, a so-called single contract note effectively means that the trades and associated settlement instructions across multiple exchanges are consolidated into a single aggregate trade quantity at a weighted average price, and that the trades on each exchange are not distinguished from each other in the trade	FMA. However, the FSCA has refined the drafting. See section 11(22). Furthermore, the FSCA may impose conduct requirements on exchanges to promote fair, efficient and transparent markets without dictating the technical means by which those outcomes are achieved.

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			confirmation and the settlement instruction issued by the exchange that does the consolidating. An authorised user cannot achieve the consolidation of settlement instructions across multiple exchanges, because settlement instructions are issued by an exchange, not an authorised user. To achieve the consolidation of settlement instructions, an exchange must effectively combine the economic effect of trades on another exchange with its own trades and issue a single non-distinguishing settlement instruction in respect of the resultant aggregated trading. This will result in an incorrect and misleading picture of the trading activity that has taken place across multiple exchanges, and is in conflict with the objects of the FMA (with specific reference to the object to ensure that financial markets are transparent) and destructive of their very purpose. Once the economic effect of trades across multiple exchanges has been combined by an exchange in order for a single trade confirmation and settlement instruction to be issued by the authorised user and the exchange, respectively, that exchange has effectively assumed responsibility for monitoring settlements and managing settlement risk in respect of trading activity that originated on another exchange. That clearly goes beyond an exchange's obligations in terms of the FMA and cannot reasonably or	

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			lawfully be imposed on an exchange through a conduct standard. If multiple exchanges decide voluntarily to implement an arrangement in relation to the settlement of trades in common listed securities across the exchanges in the interests of common market participants, they can do so, and the JSE and A2X have implemented such an arrangement in respect of cross market order book trading on the two exchanges. But an exchange cannot be forced by regulation to effectively accept responsibility for managing the settlement of trading activity on another exchange, on the basis that doing so creates efficiencies for market participants who trade cross-market. Efficiency gains for certain market participants, whilst of undeniable benefit to those market participants, cannot be an overriding objective that, via regulatory edict, requires a market infrastructure to assume responsibilities that are in conflict with a foundational cornerstone of the FMA (that an exchange may only lawfully make arrangements for the settlement of transactions that are concluded on its markets in terms of its rules), and that go beyond those established by the FMA, and to assume risk in relation to activity beyond its own licensed functions. Paragraph 11(20) should therefore be deleted.	

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171.	A2X	**11- Cross-trading between exchanges** **Mechanisms to enable a single contract note and best execution** (21) An exchange with common authorised users must enter into an agreement with the other exchange setting out a mechanism to ensure best execution for clients of the common authorised users, which agreement must address the following: whether the common thorised user deals as ncipal with clients;	This should include as a principal OR agent with clients.	Noted, the sub-section has been amended to incorporate the proposal.
172.	JSE	11(21) – Best execution	The obligation to achieve best execution for clients and to make the necessary arrangements to achieve best execution vests with authorised users, not with the various exchanges on which authorised users may transact in listed securities on behalf of their clients. This is a well-established principle in all international markets	Please see revisions to the provision in the new section 11(23). Disagree that it is inappropriate to place these obligations on exchanges. The Conduct Standard places requirements on market infrastructures including exchanges, and exchanges can place requirements on Authorised Users through listing requirements. These requirements are in the best

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			that have best execution requirements. But given that authorised users can be members of multiple exchanges listing common securities and need to determine how and when to use each exchange to achieve best execution for their clients, best execution requirements cannot be imposed on authorised users by the exchanges. There is an inherent and unavoidable conflict of interests in expecting an exchange to ensure that an authorised user of that exchange has made appropriate use of a competing exchange in seeking to achieve the most favourable outcome when trading for a client. That is why, in all jurisdictions that have best execution requirements, those requirements are not imposed at exchange-level but are instead imposed at a higher level in the regulatory structure, either by a public sector regulator (such as the US SEC and ASIC in Australia) and/or by a cross-market SRO (such as FINRA in the US), both of whom would have cross-market regulatory jurisdiction over all authorised users, regardless of which exchanges and how many exchanges the authorised users are members of. South Africa does not currently have similar best execution requirements to other international jurisdictions because we do not have a similar regulatory structure. Authorised users in SA are regulated entirely by each exchange that they are members of, in	interest of clients and supports market integrity. It is common placed to place obligations on contracting parties through indirect methods such as this and the approach is often adopted in other entities in the financial sector with success. Section 11(21) recognises that, in a multi-exchange environment with common authorised users and common listed securities, best execution cannot be pursued by authorised users unless exchanges implement compatible and interoperable market structures. The FSCA notes the comments regarding the allocation of best execution responsibilities and agrees that, as a matter of principle and international practice, the obligation to achieve best execution for clients rests with authorised users and not with exchanges. Nothing in section 11(21) is intended to displace or transfer that obligation to an exchange. Section 11(21) should not be read as requiring an exchange to ensure, determine or enforce whether an authorised user has achieved best execution across multiple trading venues. Nor is it intended to require an exchange to assess or police the routing or execution decisions of authorised users, which would raise legitimate conflict-of-interest concerns in a competitive, multi-exchange environment. Rather, section 11(21) is directed at the role of exchanges in a fragmented market structure and seeks to ensure that exchanges do not, through their rules, systems or lack of coordination, create structural impediments that prevent authorised users from pursuing best execution for their clients. In a market

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			respect of their on-exchange activities, and the unavoidable conflict of interests mentioned above makes it very difficult to incorporate best execution requirements in each exchange's rules. But the fact that the regulatory structures in South Africa make it difficult to impose cross-market best execution requirements on authorised users cannot mean that a responsibility that logically vests with an authorised user is shifted to the exchanges, as the draft Conduct Standard seems to do. In the absence of best execution requirements for authorised users in SA, it is difficult to comment on how best execution is to be achieved and what arrangements an authorised user would need to make to achieve best execution for its clients. But the important point to make in relation to how the draft Conduct Standard approaches best execution, is that however best execution is achieved and whatever the arrangements are that need to be implemented to achieve it, an exchange can do no more than provide access to its trading facilities and its settlement arrangements to assist authorised users to achieve the best possible outcome for their clients. Exchanges cannot establish 'a mechanism to ensure best execution for clients of common authorised users', as the draft Conduct Standard contemplates.	where common authorised users trade common listed securities across multiple exchanges, best execution cannot be meaningfully pursued unless exchanges facilitate appropriate access, interoperability, information flows and post-trade arrangements. Accordingly, the obligation in section 11(21) is an enabling and facilitative one. It requires exchanges to make reasonable arrangements, within the scope of their licensed functions and subject to the FMA, to support the ability of authorised users to seek best execution, without imposing on exchanges any responsibility for execution outcomes or for regulating authorised users' cross-market trading behaviour. The FSCA further notes that the absence of a cross-market SRO structure in South Africa does not negate the need for conduct standards that address the realities of a multi-exchange environment. Section 11(21) does not seek to replicate the role of a FINRA-type body, nor to impose best execution obligations at exchange level, but rather to ensure that market structure evolves in a manner that supports fair, efficient and orderly markets in line with the objects of the FMA.

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			Exchanges exist to 'assist' authorised users to achieve best execution. Their role is not to 'ensure', through agreements with other exchanges or otherwise, that it is achieved.	
173.	JSE	11(21)(a) – Order matching and trade execution	Each exchange has its own order matching and trade execution mechanisms, and competing exchanges operate their trading platforms entirely independent of each other. It is inconceivable that competing exchanges must enter into an agreement on mechanisms relating to order priority, order matching and trade execution. That implies that all competing exchanges with common listed securities and common authorised users must effectively create a virtual single trading platform with a single set of order matching criteria. Obliging competing exchanges to establish such an arrangement is illogical and interferes with the normal commercial objectives and competitive forces present in a competitive business environment. It is also likely to be unprecedented in any reputable international financial market. In all jurisdictions it is authorised users that implement arrangements, such as smart order router technology, to achieve a form of consolidation of orders and trades across multiple trading venues, not the exchanges, and the regulatory requirements in those jurisdictions recognise that.	Please see revisions to the provisions in the new section 11(23)(a). Disagree that the requirement in section 11(21)(a) must be deleted. We also disagree with the assumption that this section means that competing exchanges must create a virtual single trading platform with a single set of order matching criteria. In this section, exchanges are not required to: • harmonise order books; • align price–time priority rules; • adopt identical matching algorithms; • or create a consolidated or "virtual" trading platform. The FSCA acknowledges that different practices exist within the various exchanges licensed in South Africa. The provision relates only to common authorised users and required exchanges with common authorised users to establish mechanisms to ensure best execution for clients of the common authorised users, including the manner in which such orders are prioritised and matched, and transactions are executed across different exchanges. It does not relate to all securities listen on the various exchanges. The justification in imposing the requirements notwithstanding the different practices followed in the different exchanges is that the multi – exchange environment lends itself to inefficiencies. In addition, the view is noted that section 11(21)(a) could be interpreted as requiring competing exchanges

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			The obligation imposed on exchanges in paragraph 21(a) must therefore be deleted from the conduct standard.	to agree on order priority, order matching or trade execution mechanisms. The FSCA confirms that this is not the intention of the provision. Section 11(21)(a) does not require, and was never intended to require, exchanges to harmonise or align their matching engines, execution algorithms, order priority rules or other core trading logic. The FSCA agrees that such requirements would be inappropriate, unprecedented in international markets and incompatible with a competitive exchange environment. Rather, section 11(21)(a) is intended to address market structure considerations in a fragmented trading environment and to ensure that exchanges do not, through their rules, access arrangements or technical frameworks, create artificial impediments that prevent authorised users from implementing legitimate cross-market execution strategies. This includes ensuring that authorised users are able, through their own systems and routing technologies, to access multiple trading venues and to manage execution outcomes across those venues without undue restriction or structural disadvantage imposed at exchange level. The FSCA further agrees that, in international markets, it is authorised users that deploy smart order routing and similar technologies to consolidate execution across venues, and section 11(21)(a) does not seek to shift that responsibility to exchanges. The obligation on exchanges is limited to facilitating such activity within the scope of their licensed functions and does not extend to coordinating or standardising order matching or execution processes with competing exchanges. Accordingly, the FSCA does not agree that section 11(21)(a) should be deleted. See revised drafting of subsection.
174.	JSE	11(21)(b) – Manner of achieving best execution and	Competing exchanges cannot reasonably be expected to come to an agreement on how common	Please see revisions to the provisions in the new section 11(23)(b).

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		confirming best execution	authorised users must achieve best execution for their clients, which involves the authorised users having to decide which of the competing exchanges to use and under which circumstances. Competing exchanges are simply going to compete with each other on every aspect of trading and settlement that contributes to the most favourable outcome for clients. Common authorised users will assess what each competing exchange is offering, either in general terms or on a trade-by-trade basis, and will make their trading decisions accordingly, taking cognisance of any best execution criteria and any client instructions. Competing exchanges cannot be required to assume the responsibility that vests with authorised users for determining how an authorised user will achieve best execution. The 'manner' in which a common authorised user will achieve best execution, at least in respect of the price criterion, is typically through the use of smart order router technology. Exchanges are not in the business of providing this technology and cannot be expected to come to an agreement on the use of such technology by their authorised users or any other 'mechanism' used by authorised users to achieve best execution. Looking across various trading platforms to assess whether best execution has been achieved is a	The requirement is not that competing exchanges must come to an agreement on how common authorised users must achieve best execution for their clients. It is about agreeing to how exchanges will ***enable*** common authorised users to achieve best execution and that exchanges must place an obligation on authorised users to look across the platforms upon which the common listed security is traded in order to assess whether best execution has been achieved. It is agreed that authorised users determine the manner in which best execution is achieved, including through the use of smart order routing technology or other execution strategies, and that exchanges are not in the business of providing or prescribing such technology. Section 11(21)(b) is not intended to require competing exchanges to agree on how authorised users must achieve best execution, nor to assume responsibility for determining or supervising the manner in which authorised users assess execution quality across trading venues. The provision does not contemplate exchanges prescribing routing methodologies, evaluating execution outcomes on competing venues, or imposing requirements that would give rise to conflicts of interest. Rather, the purpose of section 11(21)(b) is to ensure that exchanges, through their rules, access arrangements and operational frameworks, do not create structural impediments that prevent common authorised users from fulfilling their own best-execution obligations across multiple venues. This includes avoiding requirements that constrain venue choice, mandate pre-trade allocation decisions, or otherwise limit the ability of authorised users to deploy cross-market execution strategies.

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			capability that authorised users would need to develop, if they were subject to a best execution requirement. But competing exchanges cannot be expected to come to an agreement on the requirement that common authorised users must assess the quality of their best execution by looking across platforms. An unavoidable conflict of interests would prevent an exchange from obliging its authorised users to review trading on a competing exchange, and to determine the manner in which this would happen.	Section 11(21)(b) does not shift responsibility for best execution from authorised users to exchanges. The obligation on exchanges is limited to facilitating access and avoiding restrictive practices within the scope of their licensed functions and does not extend to determining the manner in which best execution is achieved. Accordingly, the exchanges must reach an agreement on how best execution will be enabled by allowing authorised users to look across the platforms upon which the common listed security is traded. We therefore do not agree that the requirement must be deleted.
175.	JSE	11(21)(c) – Monitoring cross market trading	An exchange that has common authorised users with another exchange can obviously only monitor trading by those common authorised users on its own exchange. We assume this is what paragraph 21(c) contemplates and does not expect an exchange to include trading on another exchange in its trade monitoring activities, which would be contrary to an exchange's licensed functions under the FMA. But there is no reason why competing exchanges with common authorised users need to enter into an agreement as to how they will each monitor trading by their common authorised users on their own exchanges. Each exchange will simply perform their trade surveillance function in relation to trading on their exchange, in	See revision to the provision in the new section 11(23)(c). The provision has been included in order to support the attainment of best execution. The provision does not require exchanges to monitor common authorised users in respect of all matters concerning the common authorised users. As such, the provision is not in conflict with or inconsistent with the FMA. With respect to the rationale for competing exchanges with common authorised users being required to enter into an agreement, it is important to reiterate that section 11(21)(c) has been inserted because fragmented markets create fragmented signals: • A single authorised user may: • • repeatedly route orders away from a venue despite better displayed prices; • systematically favour one exchange due to fee or rebate structures;

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			accordance with the requirements in the FMA. It is unclear what the FSCA's expectations are regarding the monitoring of trading by competing exchanges in relation to best execution, but in the absence of any motivation and explanation as to why competing exchanges need to enter into an agreement on this, we suggest that this requirement be deleted from the draft Conduct Standard. No explanation has been provided as to which parameters set by exchanges cannot be breached, and therefore which recurrent breaches need to be minimised, in the context of best execution and cross market trading. In the absence of any clarity on what competing exchanges are required to enter into an arrangement on regarding breaches of set parameters, this requirement should be deleted from the draft Conduct Standard.	• engage in conduct that undermines fair competition between venues. None of this requires: • cross-exchange surveillance; or • exchange oversight of best execution. What it does require is: • baseline consistency in how exchanges treat certain types of conduct, so that: • • the same behaviour is not permissible on one exchange and problematic on another; • regulatory blind spots are not created purely by venue fragmentation. The FSCA agrees that it would be inappropriate and inconsistent with the FMA for an exchange to include trading on another exchange in its surveillance activities. Section 11(21)(c) is not intended to require, nor does it contemplate, cross-venue trade surveillance or the monitoring of best execution by exchanges. The purpose of section 11(21)(c) is to address the practical challenges that arise where common authorised users operate across multiple trading venues in a fragmented market environment. In such circumstances, certain trading behaviours may raise regulatory concerns when viewed in aggregate, even though each exchange can only observe the conduct occurring on its own market. The requirement for exchanges to enter into arrangements is therefore intended to be limited to high-level coordination and information-sharing, such as agreeing on categories of conduct that may warrant escalation, consistency in the interpretation of certain market integrity concerns, and appropriate engagement with the FSCA where recurrent or systemic issues arise. It does not extend to the harmonisation of surveillance methodologies, joint

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				monitoring activities, or the supervision of authorised users' best-execution practices. The licensing of multiple exchanges invariably leads that the FSCA develop regulatory requirements that are applicable to competing exchanges. The rationale for requiring mutual agreement for monitoring common authorised users executing trades is to create an enabling environment for exchanges to determine as between themselves how they will conduct such monitoring. Given the inherent differences between licensed exchanges, it would be inappropriate for the FSCA to prescribe the form such monitoring would take. As stated immediately above, the FSCA does not prescribe the parameters – these will be determined by agreement between the exchanges, guided by the requirement to ensure best execution.
176.	JSE	11(21)(d) – Dealing as principal	Dealing as a principal with clients may or may not be a feature of cross market trading by common authorised users, but principal trading is not typically a specific consideration in relation to how an authorised user achieves best execution for its clients in a multi-exchange environment. Whether an authorised user may trade as a principal with a client, and under what circumstances it should do so, is a general consideration in relation to all trading with or on behalf of clients, not specifically cross market trading. It is therefore not clear why competing	The provision provides that the agreement must *'address'* whether the common authorised user deals as principal with clients. This does not prescribe that the common authorised user must deal with client as principal.

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			exchanges need to enter into an arrangement regarding principal trading by common authorised users to achieve best execution.	
177.	JSE	11(21)(e) – Managing conflicts of interest	Best execution requirements inherently seek to avoid conflicts of interest between authorised users and their clients. It is one of the reasons why best execution requirements have been introduced in various jurisdictions, to ensure that authorised users do not select a trading venue when trading for their clients based on what is in the best financial interests of the authorised user instead of what the best outcome for the client is. For example, if an authorised user receives an incentive from an exchange to trade on that exchange, in terms of reduced fees or fee kickbacks, but does not pass those benefits on to their clients through reduced commissions (all other factors being equal), that would be a conflict of interests that authorised users should be expected to avoid when seeking to achieve best execution for their clients. But the requirement to manage these conflicts of interest, and the arrangements that a common authorised user needs to make to manage them, cannot reasonably be the subject of an agreement between competing exchanges. An exchange would itself be inherently and unavoidably conflicted in offering incentives to its authorised users to use its trading venue as part of its	The provision provides that the agreement must *'address'* the management of conflicts of interest. The provision is not prescriptive to require exchanges to impose specific conflict of interest management mechanisms. Instead, the provision is drafted broadly to enable exchanges to determine which arrangements need to be in place to mitigate potential conflicts, including those highlighted in the comment.

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			normal commercial activities in a competitive environment, and at the same time be required to agree with a competitor on how common authorised users must effectively avoid using its trading venue if the incentives offered are not appropriately applied when the common authorised users apply the best execution principles that they must adhere to. Only an authorised user can be expected to make the right decision, in the interests of its clients, when deciding how and when to use the competing offerings of multiple exchanges. The competing exchanges cannot be expected to agree between themselves on how an authorised user should make that decision.	
178.	BASA	Chapter 4, Section 11(22)	➢ We request further clarification, as it is not clear whether this reporting requirement will be expected to be reported on a trade by trade basis, and the frequency. This requirement could potentially impose an administrative / operational burden and costs to common authorised users.	The exchange is required to be informed of the methods chosen for best execution in respect of all trades – no trades have been scoped out of the application of the section. The FSCA has not prescribed the frequency of the reporting – however, the exchange must be mindful of the need for its own quarterly reporting, which would invariably affect the frequency with which it requires the best execution results from authorised users. The FSCA notes the concern on costs, and any undesirable effects of the Conduct Standard will be monitored by the FSCA as part of assessing the impact of the implementation of the Conduct Standard.
179.	JSE	11(22) – Reports on best execution	The inherent and unavoidable conflict of interests is equally applicable to an exchange being required to obtain reports from its authorised users on how they considered the offering of	The recommendation is not accepted. A report of an authorised user that is challenged by an exchange does not inherently mean that the exchange will be conflicted. The provision is intended to support best execution on behalf of clients.

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			that exchange and a competing exchange, either in general terms or on a trade-by-trade basis, when trading on behalf of clients. This effectively requires common authorised users to explain to each exchange how they assess the pros and cons of using both that exchange and its competitors. An exchange could never reasonably be expected to consider such a report objectively, and to challenge an authorised user if it does not believe that the authorised user has properly considered either that exchange's offering or the offering of a competitor in the pursuit of best execution. This requirement should therefore be deleted from the draft Conduct Standard.	The information will also be necessary in order for the exchange to meet the public disclosure requirements in section 11 (22) and (23).
180.	Nedbank	Chapter 4, Section 11(22)	It is not clear whether this reporting requirement will be expected to be reported on a trade by trade basis, and the frequency. This requirement could potentially impose an administrative / operational burden and costs to common authorised users.	See response to same comment in comment 175 above.
181.	A2X	**11- Cross-trading between exchanges** **Mechanisms to enable a single contract note and best execution** (23) An exchange must publicly disclose the results	This requirement should include more detail. To enable an exchange to report on best execution it will require the creating of a data bank that includes tick data to level 3 from both exchanges as well as the transaction data from the executing authorised user. It is submitted that a single data bank from which the various participants can access the data for analysis and publication be created to facilitate this.	Disagree. The proposal is operational in nature. Exchanges have the discretion to determine and augment the necessary underlying processes and procedures that will enable compliance with the sub-section. The FSCA will not be prescriptive in this regard. This aligns to the FSCA's move to more principle based and outcomes focused legislative requirements, and to allow for the requisite flexibility to allow market infrastructures to operate efficiently.

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		of best execution by common authorised users on a quarterly basis.		
182.	BASA	Section 11, section 23	Common authorised users employ different techniques and/or infrastructure for best execution purposes, which is mostly remains the intellectual property – disclosing such information to the public could potentially impair the privacy and expose strategies of common authorised users.	Section 11(23) is not intended to require the disclosure of proprietary systems, execution algorithms, routing logic or other confidential strategies employed by authorised users. Rather, the purpose of the provision is to promote transparency at a principles-based level regarding how authorised users approach best execution, including the execution factors considered and the general manner in which execution quality is assessed. Consistent with international best practice, transparency requirements in respect of best execution should focus on outcomes and high-level policy disclosures, rather than the disclosure of underlying technical or strategic details. The FSCA therefore acknowledges that any disclosure contemplated under section 11(23) must be framed in a manner that protects the confidentiality and intellectual property of authorised users, while still enabling clients and the regulator to understand how best-execution obligations are addressed in practice.
183.	BASA	Section 11, section 23	➢ We request clarification if this is to be a public disclosure and the word 'results' as read in the draft Standards implies a level of specificity of best execution for certain market participants. - -The possible use of 'statistics' instead of 'results' to be considered for publicly available disclosure by an exchange in	The disclosure must be public. The results must be retrieved from all authorised users who are listed on more than one exchange and who list common securities. See revised wording to the subsection. The FSCA confirms that the disclosure envisaged under this section is intended to be public and aggregate in nature, and not to identify or enable the identification of individual authorised users, clients or specific trading strategies. The purpose of the

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			order not to prejudice specific market participants.	disclosure is to provide high-level transparency regarding market quality and execution outcomes, rather than to publish participant-specific performance assessments. In this context, the FSCA agrees that the term "statistics" more accurately reflects the intended scope and nature of the disclosure. The use of aggregated, anonymised statistical information would reduce the risk of prejudice to individual market participants, while still supporting transparency and market confidence. Accordingly, the FSCA is amenable to refining the wording of the provision to clarify that only aggregate statistical information relating to execution outcomes is contemplated, and that such disclosure must not compromise commercially sensitive information or intellectual property. The recommendation is accepted. Reference to 'results' has been substituted with 'statistics'
184.	JSE	11(23) – Public disclosure of best execution	An exchange cannot be expected to know if and how its authorised users have achieved cross-market best execution in order to report on it. To do so would require one of two things: either the exchange needs to be able to obtain and analyse all relevant trading data and other information in relation to a competing exchange, to determine whether its common authorised users correctly applied that data and information, together with the exchange's own data and information, in making best execution decisions; or the common authorised users must analyse the relevant data and	Comment noted, however it is envisaged that an exchange will have the necessary information when complying with section 11(22) in order to make the public disclosures as required in section 11(23). The FSCA does not expect exchanges to determine whether best execution was achieved. That responsibility remains with authorised users. The section does not require cross-exchange data consolidation See revised wording to this subsection to clarify. Exchanges must require common authorised users to report to it on the chosen methods for best execution and report the data as received.

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			information from each exchange and self-report to the exchange on their best execution results. The first approach requires an exchange to obtain data and other information from a competing exchange that it cannot reasonably be expected to obtain, and that the competing exchange cannot reasonably be expected to provide to a competitor, in order to conduct its analysis. The second approach is simply ineffective, because an exchange would have no way of knowing whether a report by a common authorised user, based on a cross-market analysis of data and information that a single exchange cannot verify, is accurate. An exchange cannot, therefore, issue a public report on the best execution results achieved by common authorised users. In addition, no justification has been provided for why best execution results must be disclosed to the public. At most, if authorised users had to comply with best execution requirements, the clients of those authorised users might benefit from some form of disclosure. But the need for authorised users to provide disclosure to clients should be driven by client demand. Mandatory public disclosure, via the exchanges, seems like unnecessary overkill to address an unspecified concern. The requirement in sub 11(23) should therefore be deleted from the draft Conduct Standard.	The FSCA clarifies that section 11(23) is not intended to require an exchange to assess or verify whether authorised users have achieved best execution across multiple markets. That responsibility remains with authorised users and is not shifted to exchanges by this provision. Rather, the purpose of section 11(23) is to promote market-level transparency through the publication of aggregate, anonymised statistical information derived solely from an exchange's own trading environment, relating to execution quality indicators on that exchange. No access to competitor data, no reliance on authorised-user self-reporting, and no participant-specific disclosure is contemplated. The FSCA further considers that limited public disclosure of aggregate execution statistics serves a legitimate public interest objective in supporting market confidence and transparency in a fragmented trading environment, without prejudicing individual market participants or revealing proprietary strategies. . The public disclosure will be in the best interest of clients and investors, and improve the transparency and integrity in the sector. We do not agree that disclosure should be driven by client demand because the commentator seems to imply that transparency and fair treatment of clients and investors should not be inherent in the sector but only on demand.

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				Disagree that section should be deleted.
185.	Nedbank	Section 11, section 23	Nedbank assumes this to be a public disclosure and the word 'results' as read in the draft regulation implies a level of specificity of best execution for certain market participants. The possible use of 'statistics' instead of 'results' to be considered for publicly available disclosure by an exchange in order not to prejudice specific market participants.	Please see response to comment 180.
186.	Nedbank	Chapter 4, Section 11(23)	Common authorised users employ different techniques and/or infrastructure for best execution purposes, which is mostly remains the intellectual property – disclosing such information to the public could potentially impair the privacy and expose strategies of common authorised users.	Please see response to same comment above in comment 179.
187.	JSE	11(24) – Disclosure of best execution to the FSCA	For the same reasons as to why an exchange cannot be expected to report on the best execution results achieved by common authorised users to the public, it is equally unable to report these results to the FSCA. To reiterate, only an authorised user has access to the cross-market data and information needed to achieve and assess cross-market best execution. The requirement in subparagraph 11(24) should therefore be deleted from the draft Conduct Standard.	Disagree that the requirement should be deleted. Please see response to comment 181.
12. Sharing of information				

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188.	NPWS	Section 12, "Sharing of information"	Such much information exchange between parties will create a new cybersecurity concern. It might be difficult to coordinate cybersecurity precautions, data sharing, and system upgrades.	It is expected that the sharing of information will require cyber security management that is appropriate for the nature of the information to be shared. Exchanges are required to manage potential cyber security risks that may arise as a result of their compliance with section 12.
189.	BASA	Chapter 4, Section 12(1)	➢ We recommend that the Authority considered the privacy requirements under POPI Act, notably for clients or investors who only trade common listed security through either primary exchange or secondary exchange, not through both exchanges.	Exchanges are expected to implement appropriate privacy and security measures to ensure that: • Client or investor personal information is only used for the purposes necessary to fulfil the regulatory and market integrity objectives of the Conduct Standard. • No personal data is shared with other exchanges or third parties unless expressly permitted by the client, investor, or by law. • Data is anonymised or aggregated wherever possible, particularly when disseminating market-wide statistics or operational information, so that individual client trading activity cannot be identified.
190.	A2X	**12- Sharing of information** An exchange with common listed securities and common authorised users must share information set out in this section with the other exchanges in a clear and timely manner.	In the event that there are matters or investigations in relation to common issuers or authorised users, which may impact the continued listing or operation of the issuer or authorised user respectively or result in potential systemic risk, this information should be shared, without delay, with other exchanges. In addition, with regard to an secondary listing application by an applicant issuer, the primary exchange should, upon request and without delay, confirm to the secondary exchange that there are no	Immediate sharing of information between exchanges for matters or investigations relating to common issuers or authorised users, especially where there may be systemic risk This is aligned with the FSCA's regulatory objectives: market integrity, oversight of common issuers/authorised users, and mitigation of systemic risk. If one exchange becomes aware of a compliance issue, failing to share it could result in a gap in supervision and create potential risk for investors across multiple exchanges. Exchanges must balance timely sharing with legal constraints, including POPIA (privacy) and confidentiality obligations. Overly broad or

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			issues of non-compliance or investigations in relation to the applicant issuer.	indiscriminate sharing could expose client data or sensitive business information.
191.	A2X	**12- Sharing of information** **Trading halts, suspension and removal of securities**	This section does not provide for secondary venues to continue trading should the primary venue be halted. Should the primary venue halt trading, the secondary venue should have the option to override the halt and continue to allow trading. This would not apply when there is a halt for regulatory reasons (both exchanges would halt trading) but rather if the primary exchange has technical issues and the instruments are suspended immediately on the trading system. From a redundancy perspective, the secondary market should be permitted to consider the issue and reopen for trading as a redundancy option for authorised users and to ensure the continued operation of the market. In addition, kindly clarify the process for volatility auctions.	[@ The FSCA does not agree with the proposal that a secondary exchange should have the option of overriding primary exchange halts. The principle of aligned halts preserves market integrity and reduces settlement and operational risk. The FSCA acknowledges the redundancy rationale in A2X's proposal. However, allowing the secondary exchange to override a technical halt on the primary exchange could create market integrity risks, particularly in the areas of price formation, settlement, and cross-market risk management. Therefore, the primary exchange halt should continue to be respected by the secondary exchange to ensure aligned market operations, prevent inconsistent pricing, and protect investors. The secondary exchange may implement contingency measures internally, but these should not result in the continuation of trading in instruments halted on the primary exchange. Technical solutions to enhance resilience and redundancy can be explored, provided they do not compromise regulatory or investor protection objectives. The FSCA notes the need for clarity regarding volatility auctions. Exchanges must implement procedures to ensure consistent execution of volatility auctions across all trading venues where common-listed securities are traded. The procedures must define the triggers, timing, and communication of auctions, including how these interact with other exchanges, to prevent market disruption and ensure transparency.

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192.	SAIFM	Section 12) – Sharing of information 12(12)	Market Infrastructures are separate commercial entities. For the level of sharing required by this section, the market infrastructures would need to seek exemption from the Competition authorities, as this would otherwise be considered collusive behaviour. It is also not clear who is responsible for ensuring that all Rules and Directives are, and remain, aligned. For the exchanges to be able to do this themselves, would require them to form some sort of collective body. Not only would this be, again, considered collusive behaviour, but it would also incur expenses and should not be necessary. All Rules and Directives must be approved by the FSCA. It is, therefore, the responsibility of the FSCA, and not the exchanges, who should be tasked with ensuring and maintaining alignment. The requirement for simultaneous sharing of information implies the need for real time system integration. Who would be responsible for the costs of this – which exchange? Will the FSCA be providing oversight to ensure this is fully enabled?	The purpose of the sharing of information is solely for regulatory and risk management purposes, not for commercial or pricing purposes. The information exchanged under section 12 is limited to issuer or authorised user compliance, market abuse, systemic risk, or investigations, which are supervisory functions, not competitive market behavior. Please see response above. The affected exchanges would be those with common listed securities. Given the number of exchanges potentially affected by the provision, the FSCA is of the view that this can be achieved by agreement between the exchanges, without the need of creating an additional collective body. The role of the FSCA is within the supervision of the exchanges – which invariably includes supervising compliance with the Standard. As will all other supervision activities of the FSCA, where non-compliance with a regulatory instrument is identified, the FSCA may take the necessary steps to require that the non-compliance is remedied. In addition, The FSCA retains ultimate responsibility for approving all rules, directives, and conduct standards. Exchanges are required to share information only to facilitate regulatory oversight and alignment, not to collectively set commercial rules. With respect to simultaneous sharing of information - costs associated with implementing sharing infrastructure are to be borne by each exchange individually, consistent with the principle that exchanges are responsible for their own operations. The Standard is not prescriptive in this regard. The exchanges are empowered to assess which is the most appropriate method for complying with the provision. The recommendation to specify the terms ‘as soon as possible’ is not accepted. The provision is intended to

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			The term “as soon as possible” in this clause is very vague and would need to be specified further.	allow flexibility in order to factor in the circumstances of each case, and aligns to the FSCA’s move to more principle and outcomes based legislation.
193.	SAIS	**12. Sharing of information** (1)- (17).	1. **Simultaneous Release**: • **Uniform Dissemination**: Ensure that information is released simultaneously on both primary and secondary exchanges to prevent any information asymmetry. • **Synchronization**: Implement technical systems and protocols that allow for real-time or coordinated release across all platforms. 2. **Consistent Communication Channels**: • **Designated Channels**: Use designated and secure channels for distributing information to ensure that the data is received and published at the same time on all exchanges. • **Official Platforms**: Utilize official and	The comment is noted. The Standard is not prescriptive in this regard – please see response to comment 189.

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			regulated communication platforms to distribute announcements, ensuring reliability and traceability. 3. **Regulatory Compliance**: • **Adherence to Regulations**: Comply with local regulations and guidelines set by the Financial Sector Conduct Authority (FSCA) and other relevant bodies regarding the dissemination of price-sensitive information. • **Standardised Procedures**: Establish standardised procedures for the release of information to ensure compliance and consistency. Failure to manage the dissemination of information properly can attract regulatory scrutiny and sanctions, further harming the credibility of the exchanges.	Agreed.

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194.	SAIS	Section 12, "Sharing of information"	**<u>Broader Industry Perspectives</u>** Such much information exchange between parties will create a new cybersecurity concern. It might be difficult to coordinate cybersecurity precautions, data sharing, and system upgrades.	Please see response to comment 185.
195.	Nedbank	Chapter 4, Section 12(1)	Has the Authority considered the privacy requirements under POPI Act, notably for clients or investors who only trade common listed security through either primary exchange or secondary exchange, not through both exchanges.	Comment not clear as Chapter 4 Section 12(1) applies to an exchange with common listed securities and common authorised users.
196.	JSE	12(2) - Alignment of listings requirements	The draft Conduct Standard proposes that an exchange with common listed securities align its requirements to "other applicable exchanges". As each exchange has its own unique rules and requirements, it will be impossible to achieve the proposed alignment, for the following reasons: • It is not clear which set of requirements all exchanges must align to, as all other applicable exchanges are referenced. • The minimum requirements that an exchange needs to adhere to in relation to a suspension or removal of listing are detailed in section 12 of the FMA. An exchange prescribes the listings requirements that it believes are necessary to achieve the objects of FMA, and hence differences in requirements arise.	The objective of the provision is to ensure that a seamless process for suspension or removal of common listed securities. That is, it is aimed at avoiding legal impediments that can delay timely action. This does not mean that exchanges must have single provisions that are identical in nature. It does mean that exchanges must engage in order to determine which aspects of their requirements have the potential to delay required action – and develop a mechanism to eliminate those impediments. We therefore do not agree with the claim that this is impossible to achieve. It will however require change on the side of the exchanges. Please note that the FSR Act empowers the FSCA to develop regulatory instruments in addition to and consistent with the requirements of the FMA. Please see response above. This does not mean that exchanges must have single provisions that are identical in nature. It does mean that exchanges must engage in order to determine which aspects of their requirements have the potential to delay required

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			• It is impractical and anti-competitive to oblige exchanges to standardise their unique listings requirements as regards suspensions and removals. • As paragraphs 12(4) and (5) of the draft Conduct Standard require the suspension of an issuer where either the primary exchange or another exchange has suspended trade, the proposal included in paragraph 12(2) is unnecessary. • Where only one primary exchange is present, we assume that paragraph 12(3) refers to a decision taken by the primary exchange to suspend trade in securities of the issuer. However, an issuer may have a primary listing on more than one exchange, but the draft Conduct Standard does not address such a scenario. • In the scenario where there is only one primary exchange, paragraph 12(2) is irrelevant, as either the issuer or the primary exchange can simply inform the secondary exchange of the suspension, such that the secondary exchange can implement its own requirements pertaining to a suspension event. • To achieve simultaneous suspension across all licensed exchanges, the FMA will need to	action – and develop a mechanism to eliminate those impediments. Disagree. Section 12(2) is aimed at enabling co-ordination and consistency in the market, which is different to just requiring simultaneous suspension of trades. On bullet point 4, section 12(2) serves a different purpose than sections 12(4)–12(5). It sets out the general principle for sharing material information and regulatory decisions across exchanges. While sections 12(4)–12(5) address the operational mechanics of trade suspension, section 12(2) ensures that exchanges notify each other of matters that may impact issuer listing, authorised users, or systemic risk. Retaining section 12(2) is therefore important for early communication of potential issues before formal suspension decisions are made, supporting proactive regulatory oversight and market integrity. See revised wording of subsection to clarify. The FSCA's approach is consistent with the broader objective of cross-market supervision, ensuring that trading in common-listed securities remains transparent, orderly, and aligned with market integrity, without imposing mandatory trading halts across all exchanges, except where necessary for regulatory or systemic reasons. Noted. We remain of the view that the requirement to align listing requirements in this regard is relevant to ensure consistency . The process suggested by the commentator does not support consistency.

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			be amended to specifically require that a suspension decision taken by a primary exchange (including an external exchange) must be implemented simultaneously on all licensed exchanges where the issuer's securities are listed. See our specific comments on paragraph 12(4) as it pertains to the process of suspension and compliance with the FMA. We therefore recommend that subparagraph 12 (2) be deleted.	Please note that the FSR Act empowers the FSCA to develop regulatory instruments in addition to and consistent with the requirements of the FMA. The recommendation is not accepted.
197.	JSE	12(3) – Issuer initiated suspension	The purpose and intention of subsection 12(3) is unclear. Is it intended to mean that only a primary exchange may effect the suspension of a security at the request of the issuer? It does not take into account that a security may be secondary listed on two licensed exchanges and primary listed on an external exchange, or the security may be primary listed on two licensed exchanges. It is possible,	See revised wording in this subsection. Subsection 12(3) is intended to allow an issuer to request a suspension on a specific exchange to manage price-sensitive information disclosure, market integrity, or operational reasons. It is not limited to primary exchanges; rather, it applies to any exchange where the issuer's securities are listed. The wording can be clarified to explicitly include primary, secondary, or cross-listed scenarios. The

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			although a rare occurrence, that an issuer requests only a secondary exchange to suspend the trading of its securities, due to, for example, a potential breach of the secondary exchanges' listing requirements, or the issuer is technically unable to disseminate price sensitive information through that secondary exchange. See our general comment 5 which sets out various listing scenarios. It is unlikely that an issuer whose securities are listed on multiple exchanges would request only one of those exchanges to suspend the trading of its securities, as an inconsistent application of a suspension would not be in the best interests of the issuer. In any event, in the unlikely event that an issuer does not request all licensed exchanges to suspend the trading of its securities, the requirement provided for in subparagraph 12(7) would prevail, as the exchange that received the request would be obliged to immediately notify the other affected exchange when it "places a relevant security on a trading suspension". We therefore recommend that subparagraph 12(3) be deleted.	FSCA acknowledges that securities can have multiple listings, both locally and internationally. Subsection 12(3) does not prevent an issuer from requesting a suspension on all relevant exchanges simultaneously, and in practice, issuers will generally request suspension across all exchanges to maintain consistency and protect market confidence. In rare cases where only one exchange is requested to suspend, this provision ensures the exchange can lawfully act on the issuer's request while still complying with its obligation under 12(7) to notify other affected exchanges. Subsection 12(7) already obliges the exchange to inform other affected exchanges of any suspension. Therefore, even if an issuer requests suspension on a single exchange, notification ensures coordination and alignment across other exchanges, avoiding market confusion or fragmentation. Subsection 12(3) should not be deleted, as it is necessary to give issuers the flexibility to request a suspension on a specific exchange while ensuring the broader market remains coordinated as suggested in section 12(7).
198.	JSE	12(4) - Simultaneous suspension	The proposal in subparagraph 12(4) is in conflict with the peremptory provisions of sections 11(1)(a), 11(1)(g)(iv), 12(1) and 12(2) of the FMA, as an exchange is not empowered to unilaterally suspend trade in the securities of an issuer	The provision is not in conflict with the FMA. The provision does not nullify the provisions of the FMA – where the primary exchange has suspended the listing, all other exchanges where such securities are listed must place the affected securities on a trade suspension after following the requirements in the FMA.

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			without the process outlined in the FMA being followed and ensuring that its own rules and requirements pertaining to the suspension decision are enforced. Subparagraph 12(4) proposes that all exchanges with a secondary listing of common listed securities simply follow suit with a suspension of trade affected by the primary exchange. This would amount to an unlawful abdication by an exchange of its statutory obligations and also contradicts the requirement in subparagraph 12(2) for exchanges to align their requirements pertaining to a suspension. In addition to the minimum requirements set out in section 12 of the FMA, each exchange would have its own unique requirements pertaining to a suspension of trade in securities, and must ensure compliance with its rules, requirements, and the provisions of the FMA to affect a suspension. The suspension on another exchange may form part of the information considered by an exchange for the suspension of trading in securities, but it does not in itself mean that the exchange may just lawfully "rubber stamp" such suspension by failing to consider its own rules, requirements, and the provisions of the FMA before deciding whether to suspend the listing of an issuer's securities. Consequently, an exchange cannot simply affect a suspension when informed of a suspension of trade in	The provision has been clarified to reflect this.

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			securities on another exchange, unless the FMA imposes a clear obligation on all exchanges to affect a suspension of trade in securities simultaneously, notwithstanding the specific rules, requirements and processes of an exchange pertaining to the suspension of trading. We therefore recommend that subparagraph 12(4) be deleted	Recommendation to delete not accepted but wording in section amended to address concern.
199.	JSE	12(7) - Common authorised users	Subparagraph 12(7) is a duplication of subparagraph 12(5). We fail to understand why this subparagraph is applicable to exchanges with common authorised users. It should only be applicable in instances where exchanges have common listed securities. We also note that the obligation to notify other exchanges of a trading halt has not been included in this subparagraph. We recommend that subparagraph 12(7) is amended as follows: An exchange with common listed securities **[or common authorised users, or both,]** must immediately notify the other affected exchange each time it - (a) places a relevant security on a trading **halt or** suspension; or (b) lifts or removes a trading **halt or** suspension on a relevant security.	We disagree that section 12(7) is a duplication of subsection 132(5).. The provision provides further procedural requirements where there is a trade suspension, the lifting of a trade suspension or the removal of suspension of common listed securities. Subsection 12(5) addresses coordinated action for suspensions based on regulatory or operational reasons, typically aligned with the primary exchange. Subsection 12(5) is specifically aimed at communication and coordination between exchanges once a suspension or halt occurs. While related, section 12(7) is not a duplication; it serves the separate purpose of ensuring timely notification between exchanges for market integrity, especially where common listed securities exist. FSCA agrees that the primary purpose is for securities common to multiple exchanges rather than merely common authorised users. Notification is critical when multiple exchanges trade the same security, so participants have accurate information and avoid trading inconsistencies. See revised wording to limit it to exchanges with common listed secateurs only.

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				The recommendations are accepted.
200.	JSE	12(5), 12(6) and 12(8) - alignment of rules suspension and halting	For the reasons outlined in our comments on subparagraphs 12(2) and 12(4), it is not possible to practically comply with the proposed requirement in respect of a suspension of listing, for the following reasons: • Subparagraph 12(2) proposes that listings requirements are aligned, whilst paragraph 12(6) proposes that rules are "sufficiently" aligned. It is not clear what 'sufficient' alignment means in the circumstances, or how sufficient alignment will be objectively ascertained. • An exchange cannot align its requirements to other exchanges simply because it has common listed securities. Each exchange must be entitled to prescribe its own rules and requirements, which may go beyond the minimum requirements of the FMA. • Unique requirements of an exchange are what provides differentiation and enhances competitiveness of exchanges, as investors invest in and trade securities based on the regulatory ecosystem created by a particular exchange. • The proposal in subparagraph 12(8) is administratively burdensome on an exchange. An issuer must either	Please see response to comment 196.

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			communicate with all exchanges that it is listed on regarding the lifting or removal of suspension, or the secondary exchange must simply lift the suspension after the primary exchange has lifted its suspension, provided the lifting of suspension decision is either in terms of the rules and listings requirements of the secondary exchange, or the FMA must be amended to oblige secondary exchanges to follow decisions made by the primary exchange. See our general comment 6 on minimum listing requirements. We therefore recommend that paragraphs 12(5), 12(6) and 12(8) be deleted.	
201.	JSE	12(9), (10) and (11) – Significant events	Subparagraphs 12(9), (10) and (11) seem to be a duplication of paragraphs 7(1) and 7(2). We therefore recommend that subparagraphs 12(9), 12(10) and 12(11) be deleted.	Agreed. Sections deleted.
202.	NPWS	Section 12 (12), "Failed trades affecting common authorised users and common listed securities"	The Settlement Period The settlement cycle may be impacted by additional settlement requirements. For instance, if the authorized user is required to report to multiple exchanges, or if the exchanges themselves report to one another, the cycle may be extended. It's unclear how the cycle will be enhanced in its place. Settlement Authority Position Which infrastructure—for settlement,	The intention of section 12(12) is not to impose a change to the settlement cycle itself, but rather to ensure that all relevant parties receive timely information to facilitate correct settlement. Exchanges are expected to coordinate and align settlement instructions for common listed securities, but this must occur within the settlement cycle as defined by the applicable CSD. Section 12(12) is not intended to alter the existing settlement cycle, which remains governed by the relevant Central Securities Depository (CSD), the ultimate settlement authority for all trades. The

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			borrowing, lending, and rolling thereof—will ultimately assume the role of Ultimate Settlement Authority? How the parties' disputes will be settled is not stated in the standard.	requirement is intended to ensure that exchanges coordinate and align trade reporting and settlement instructions for common listed securities, to prevent delays or errors arising from cross-exchange activity. Exchanges are not responsible for managing settlement outside their own trading systems; their role is limited to ensuring timely and accurate reporting to the CSD and, where necessary, coordinating with other exchanges to support proper settlement. Any disputes arising in relation to settlement shall be resolved in accordance with the applicable exchange rules, market infrastructure agreements, and the oversight powers of the FSCA. This approach maintains the integrity of the settlement process, safeguards market participants, and avoids imposing obligations on exchanges beyond their licensed functions.
203.	SAIS	Section 12 (12), "Failed trades affecting common authorised users and common listed securities"	**<u>Broader Industry Perspectives</u>** The Settlement Period The settlement cycle may be impacted by additional settlement requirements. For instance, if the authorized user is required to report to multiple exchanges, or if the exchanges themselves report to one another, the cycle may be extended. It's unclear how the cycle will be enhanced in its place. Settlement Authority Position Which infrastructure—for settlement, borrowing, lending, and rolling thereof—will ultimately assume the role of Ultimate Settlement Authority? How the parties' disputes will be settled is not stated in the draft Conduct Standard.	See response to comment 199 above.

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204.	A2X	**12- Sharing of information** **Default of common authorised users** (13) In the event of a default of a common authorised user, an exchange that has admitted that authorised user must coordinate its efforts, consult and share information with - (c) the participant of the defaulting member; in order to determine whether cross-exchange netting is possible and to minimise the contagion risk that the cross-exchange netting or set-off of transactions across exchanges would afford.	This will need to be effected through Rule amendments.	Noted.
205.	JSE	12(13)(c) - Default of a common authorised user	With reference to our comment on the definition of 'market participant', we assume the FSCA intends the term 'participant' to mean a central securities participant as defined in the FMA. However, the reference to the undefined term 'member' is incorrect in subparagraph 12(13(c), and this sub-	The recommendation is accepted.

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			paragraph should therefore be amended as follows: (c) the participant of the defaulting ~~**member**~~ **authorised user**;	
206.	JSE	12(14) – Notification of significant events to all market participants	The fact that an exchange has common listed securities or common authorised users should not be the determining factor for whether an exchange must notify its market participants about significant events and market outages. Significant events and outages have the same impact on market participants of every exchange, regardless of whether an exchange has common listed securities or authorised users. It is therefore not clear why the requirement in paragraph 12(14) is specific to exchanges with common listed securities or authorised users. In addition, we question the rationale for notification to "all market participants". Not all significant events have an impact on all market participants. In the case of a trading halt, for example, there is no reason to notify market participants (as defined) or other market infrastructures (i.e. all clearing members and all central security depository participants). The information is irrelevant to those market participants and simply creates an unnecessary administrative burden on an exchange. We urge the FSCA to be clearer on the application of this subparagraph.	It would be prudent for the exchange to notify every exchange, regardless of whether an exchange has common listed securities or authorised user. However, for purposes of section 12 – this notification is a minimum requirement for exchanges with common listed securities. A significant event may result in a number of actions needing to be taken by an exchange. Therefore, in line with the information sharing requirements in section 12, exchange with a common authorised user and common listed security must inform other exchanges of such significant events. To clarify, the requirement in section 12(4) is specific to authorised users, the reference to exchanges with common listed securities or common authorised users is intended to ensure coordinated communication where trading activity or participants overlap. Notifications should be directed only to those market participants materially affected by the event, such as authorised users and relevant clearing participants. The requirement is not intended to impose unnecessary administrative burdens but to ensure timely, targeted communication of material events or outages, thereby supporting market integrity and orderly trading. The reason section 12(14) specifically refers to exchanges with common listed securities or common authorised users rather than all market infrastructures is because the regulatory concern it addresses is coordination across overlapping markets. When two exchanges trade the same security or have the same authorised users, a significant event or outage on one exchange could directly impact participants' positions or obligations on the other exchange. Timely, coordinated notification is therefore

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				critical to maintain market integrity, prevent confusion, and avoid market abuse or operational risk. For market infrastructures that do not share securities or participants, an event on one infrastructure generally does not materially affect participants on another. In such cases, requiring notification across all infrastructures would be unnecessary, administratively burdensome, and disproportionate.
207.	JSE	12(14) - term 'business outage'	Per our general comment 9, the term 'business outage' is superfluous.	Please see response to comment 35.
13. Crisis management procedure				
208.	JSE	13(1) - Crisis management plan and procedure	The fact that an exchange has common listed securities and common authorised users should not be the determining factor for whether an exchange must have a crisis management plan and procedure. <u>All</u> licensed exchanges should be required to have a crisis management plan and procedure.	The FSCA and PA are developing a Joint Standard setting minimum requirements for the recovery plans of market infrastructures. That standard will prescribe minimum requirements for recovery of market infrastructures. At the time of the publication of this consultation report, the Joint Standard is close to finalisation. In light of this development this section has been deleted to avoid duplication.
209.	JSE	13(1) – term 'business outage'	Per our general comment 9, the term 'business outage' is superfluous.	Please see response to comment 205.
210.	JSE	13(2)(c)(i) – term 'business outage'	Per our general comment 9, we recommend that term 'business outage' is defined or replaced in this subparagraph with the term 'significant event'.	Please see response to comment 205.
211.	JSE	13(3) - term 'business outage'	Per our general comment 9, we recommend that term 'business outage' is defined or replaced in this subparagraph with the term 'significant event'.	Please see response to comment 205.
212.	JSE	13(4)(b), (d) and (f) – term 'business outage'	Per our general comment 9, we recommend that term 'business outage' is defined or replaced in this subparagraph with the term 'significant event'.	Please see response to comment 205.

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CHAPTER 5 **CO-OPERATION, INTER-OPERATION AND ESTABLISHING LINKS BETWEEN MARKET INFRASTRUCTURES**				
14. Co-operation and inter-operation between market infrastructures				
213.	A2X	**14- Co-operation and inter-operation between market infrastructures**	1. Section 14 does not at all contemplate the duplicated regulation of common authorised users. It is submitted that this be considered and included in the standard with guidelines to prevent duplication of regulation which results in duplicate costs, time and effort on behalf of the authorised users and the exchanges. Guidelines should further provide mechanisms for collaboration, reliance and planning of supervisory activities on common authorised users. It is acknowledged that this is not an all or nothing approach but it would seem that there are common areas that are general of nature (not specific to one exchange) that if one exchange has done an assessment of that area within a period of time, then the other exchange should not be required to duplicate that process and conduct the same review of the authorised user again. A case in point is FICA legislation compliance with exchanges being required to conduct an assessment and report back to the AML division of FSCA on the review conducted on the authorised user in this regard, with	The section is drafted to require compliance from each market infrastructure as individually licensed entities. It is critical for each market infrastructure to demonstrate it own compliance with the requirements. Any arrangements made by affected infrastructures to streamline compliance requirements by agreement where possible will assist in reducing a duplication of costs. Any disputes arising in relation to settlement shall be resolved in accordance with the applicable exchange rules, market infrastructure agreements, and the oversight powers of the FSCA. This approach maintains the integrity of the settlement process, safeguards market participants, and avoids imposing obligations on exchanges beyond their licensed functions.

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			the AML division being the "gatekeeper" of this. 2. It is proposed that FSCA contemplate a dispute resolution process (which could include mediation/ arbitration processes) in instances where MIs fail to reach an agreement on the required issues with specific timelines for resolution for prescribed standards . Experience has shown that agreement is difficult to achieve in the context of 2 competitors with common issuers and authorised users. It is submitted that a structure including a committee driven by FSCA, including common market participants d, providing input on what is in the best interests of the market and dealing with market needs where necessary be created. This is to facilitate the required ongoing engagement and oversee this process to ensure that the required measures are in place within the time frame required by the standard.	
214.	JSE	14. - Co-operation and inter-operation between market infrastructures	Paragraph 14 does not take into account the significant differences between the concepts of cooperation, interoperability and link arrangements, or a clear understanding of the purpose of, and mechanisms used for, interoperability or links. See our general comment 3.	Please see response to comment 281.

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			It is unreasonable to expect a market infrastructure to enter into a 'co-operation **and** inter-operation agreement' with another market infrastructure, where a co-operation agreement would suffice. We strongly recommend that this paragraph is redrafted to clearly identify the different types of arrangements between market infrastructures, the applicable agreements for those arrangements, and the prescribed provisions to be included in those different agreements. We note also that the FSCA has not recognised or made provision for agreements entered between market infrastructures in terms of the FMA, for example, where an exchange appoints a CSD or CCP to clear or settle transactions or both clear and settle transactions on behalf of the exchange in terms of Section 10(2)(i)(ii) of the FMA ('appointment agreements'). It is unclear whether the FSCA intends that a co-operation and inter-operation agreement replaces an appointment agreement, or whether the FSCA intends that a 'co-operation and inter-operation agreement' must be entered into in addition to an appointment agreement. We strongly recommend that the FSCA, in redrafting this paragraph, clearly recognises appointment agreements, and clearly expresses the FSCA's intention regarding co-operation **or** inter-operation agreements.	Disagreed. Interoperation is a concept recognised in the FMA Regulations. An inter-operation agreement would ensure that aspects of the Standard that require agreement beyond co-operation would be enforceable. The comment is addressed at the use of the terms and not what is required as minimum requirements in section 14(3). For instance, section 14(3) (c) and (e) would be best captured in an interoperation arrangement. The intent of this requirement is not to override or replace existing appointment agreements, such as those entered into by an exchange with a CSD or CCP under section 10(2)(i)–(ii) of the FMA. Rather, the purpose is to ensure that, in cases where market infrastructures interact—particularly where there are common listed securities or overlapping participants—there is a formalised understanding of operational and regulatory coordination, including mechanisms for cooperation, interoperability, or links. The FSCA acknowledges the distinctions between cooperation, interoperability, and link arrangements. Section 14 is intended to capture the overarching principle that relevant arrangements should be formalised and enforceable, while allowing the form of the agreement to be proportionate to the nature of the relationship. A co-operation agreement may suffice where no technical or operational link exists, whereas

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				a more detailed interoperability agreement is required where linked systems necessitate coordinated operational and risk management processes. Section 14 is supplementary to, and does not replace appointment agreements. It is intended to ensure that exchanges and other market infrastructures have clear, enforceable agreements governing coordination, risk management, and information sharing, tailored to the type of arrangement, without imposing unnecessary duplication. Co-operation agreements are typically broad, covering general coordination, information sharing, and regulatory compliance between market infrastructures. They do not require any technical or operational integration. Interoperability agreements are much narrower and technical, addressing linked systems, shared platforms, or operational processes, where one infrastructure may directly interact with another's systems.
215.	NPWS	Section 14, "Co-operation and inter-operation between market infrastructures"	It is imperative to provide consistency and interoperability throughout market infrastructures. Stockbrokers will have to learn how to use various protocols, data formats, and systems. Across several infrastructures, coordinating transaction execution, settlement, and reporting may need a lot of work and adjustments.	The comment is noted. The FSCA will take into consideration as part of the transitional arrangements and the effective date of the conduct standard
216.	NPWS	Section 14, "Co-operation and inter-operation between market infrastructures"	How will the delegation of responsibilities to the supervisory bodies (infrastructure) works out? Is the FSCA going to take over? There's no clarity.	The agreement is the responsibility of the contracting parties. The FSCA will, as part of its supervisory duties, supervise the compliance of market infrastructures with the Conduct Standard.
217.	NPWS	Section 14, "Co-operation and inter-operation between	Dispute Resolution When disputes arise, the conduct standard should be explicit about how	Given that the co-operation and inter-operation agreements are legal contracts, such an agreements should ordinarily contain dispute resolution processes

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		market infrastructures"	the parties should resolve their differences. It encourages the disputing parties to create their own methods of dispute resolution. After all, how can the disputing players act as their own referee in this situation?	and procedures. Non compliance with a regulatory instrument is reportable in terms of section 253 of the FSR Act. Please see additional clarification provided in section 3(3) of the Conduct Standard.
218.	SAIS	**14. Co-operation and inter-operation between market infrastructures** Sections (1)-(5)	**<u>Broader Industry Perspectives:</u>** It is imperative to provide consistency and interoperability throughout market infrastructures. Authorised Users will have to learn how to use various protocols, data formats, and systems. Across several infrastructures, coordinating transaction execution, settlement, and reporting may need a lot of work and adjustments. How will the delegation of responsibilities to supervisory bodies be implemented? Will the FSCA assume control? There is currently no clarity on this matter.	Noted. Please see response to comment 214.

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219.	SAIS	Section 14, "Co-operation and inter-operation between market infrastructures"	**<u>Broader Industry Perspectives:</u>** Ensuring consistency and interoperability across market infrastructures is essential. Authorized users must become proficient in various protocols, data formats, and systems. Coordinating transaction execution, settlement, and reporting across multiple infrastructures will require significant effort, adjustments, and potentially unforeseen costs and system changes.	The comments are noted. Please see response to comment 214 above.
220.	SAIS	Section 14, "Co-operation and inter-operation between market infrastructures"	**<u>Broader Industry Perspectives:</u>** How the delegation of responsibilities to supervisory bodies, particularly regarding infrastructure, will be executed remains unclear. Critical questions persist: Will the FSCA assume comprehensive control, or will responsibilities be distributed among various entities? This ambiguity needs addressing to provide clear guidelines and frameworks. Defining roles, establishing accountability, and ensuring efficient communication channels among supervisory bodies are vital for a smooth transition and effective oversight. Without clear directives, the risk of regulatory gaps, inefficiencies, and potential conflicts increases, potentially undermining	Please see response to comment 214 above.

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			market stability and investor confidence.	
221.	SAIS	Section 14, "Co-operation and inter-operation between market infrastructures"	**Broader Industry View:** Dispute Resolution - When disputes arise, the Conduct Standard should be explicit about how the parties should resolve their differences. It encourages the disputing parties to create their own methods of dispute resolution. After all, how can the disputing players act as their own referee in this situation?	Please see response to comment 214.
222.	JSE	14(1) – term 'common participant'	The FSCA derives its powers from the provisions of the applicable statutes, and it cannot act beyond the powers conferred to it by the empowering legislation. The FSCA is not empowered to compel market infrastructures to enter into any of the agreements referred to in section 14(1), nor does this fall within any of the matters that may lawfully be dealt with in a Conduct Standard. We have, for the sake of completeness, set out some practical issues for consideration below. With reference to our comment on the definition of 'market participant', it is unclear whether the FSCA intends the term 'common participants' to mean common CSDPs, with reference to the term 'participant' defined in the FMA, or 'common market participant', with reference to the term 'market participant' as defined in the draft Conduct Standard.	The threshold that must be met by the FSCA when issuing standards under the FMA and FSR Act is that the standard must be consistent with the purposes for which the standard making powers have been granted. In this regard, section 106 provides: A conduct standard must be *aimed at* one or more of the following..." whereafter a list of matters for making standards is provided. It is critical to understand that this test provides a broad range of matters on which to make standards. The FSR Act, as primary empowering legislation, provides a framework within which the FSCA must exercise its standard making powers. It does not specify that the FSCA may not require licenses entities to enter into agreements. Unless the standard is not aimed at the matters for which standard may be made, such a standard can be said to be beyond the powers of the FSCA. The FSCA is of the view that the imposing an obligation on market infrastructures in the manner set out in this section 14 in aimed at ensuring the efficiency and integrity of financial markets. This is a competent use of the standard making powers of the FSCA.

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			Irrespective of the FSCA's intention, we submit that the scope of the requirement, in a concentrated market, is unreasonable. It implies that market infrastructures are compelled to enter into co-operation and inter-operation agreements with all other market infrastructures where a financial institution is an authorised user, a CSDP and/or a clearing member of the other market infrastructure. There is no objective rationale for a CSD to enter into a co-operation and inter-operation agreement with a CCP if the CSD's participant is also a clearing member of a CCP; or enter a co-operation and inter-operation agreement with an exchange (that has not appointed that CSD in terms of Section 10(2)(i)(ii) of the FMA) simply because the CSD's participant is also an authorised user of that exchange. Even if the exchange had appointed that CSD in terms of Section 10(2)(i)(ii) of the FMA, a co-operation and inter-operation agreement would be superfluous. We draw your attention, for example, to the many instances where a financial institution acts as a CSDP, a clearing member of a CCP, and an authorised user of an exchange. Similarly, there is no objective rationale to compel a CCP to enter into a co-operation and inter-operation agreement with another CCP on the basis that they have a common	The reference to "market participant" must be read in line with the definitions section of the Standard. Please see response to comment 23 above on the meaning of 'common participant'. Furthermore, the FSCA does not seek to compel the conclusion of specific commercial agreements. Section 14(1) is intended to ensure that, where regulatory dependencies arise between market infrastructures due to shared participants or interlinked activities, appropriate arrangements exist to support market integrity, operational resilience and regulatory effectiveness. This is a conduct-based requirement and not a mandate to conclude a particular form of agreement. The FSCA notes the concerns raised regarding section 14(1). The FSCA agrees that the mere existence of a common institution across market infrastructures does not, in itself, justify a requirement for formal cooperation arrangements. Section 14(1) is intended to apply only where the presence of common participants gives rise to material regulatory, operational or systemic considerations that require coordination between market infrastructures. The FSCA does not intend that section 14(1) should apply in circumstances where market infrastructures have no functional interaction or operational dependency, notwithstanding the existence of common financial institutions across the market. The requirement is intended to address circumstances

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			clearing member, even though the CCPs may not clear the same securities. The same would apply to exchanges that may have common authorised users but do not list common securities.	where the activities of market infrastructures intersect in a manner that may impact market integrity, settlement finality, investor protection or systemic risk. The FSCA agrees that the mere existence of a common clearing member or authorised user does not, in itself, provide an objective rationale to require market infrastructures to enter into co-operation or inter-operation arrangements. Section 14 is not intended to impose obligations solely on the basis of institutional commonality. Rather, it is directed at circumstances where common participants give rise to material functional, operational or systemic interdependencies between market infrastructures.
223.	JSE	14(2) – fair and open access to services	Our comments on subparagraph 3(2) in respect of the concept of *"fair and open access"*, and our comments on subparagraph 4(2) in respect of the term "*services*" apply equally to subparagraph 14(2). We encourage the FSCA to use precise terminology that ensures clarity in the context of the South African regulatory environment.	Please see response to comment 43 above.
224.	JSE	14(3)(a) – financial market infrastructure	We note the use of the international term 'financial market infrastructure' and we assume that it is intended to mean 'market infrastructure', as defined in the FMA. We encourage the FSCA to use language that is relevant within the South African regulatory environment.	This was a typing error. Reference to the word 'financial' removed.
225.	JSE	14(3)(c) – cross market transactions	Exchanges do not and cannot inter-operate. An exchange, by its very nature and its licensed	Notwithstanding that technically exchanges do not become members in each other, the FSCA is of the view that the provision need not be deleted.

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			functions, facilitates trading and does not participate in the trading activity on that exchange or any other exchange. Consequently, an exchange (or indeed any other market infrastructure) cannot become an authorised user of another exchange. If it is intended that this provision relates to a link or inter-operation agreement between CSDs or CCPs, we recommend that the application of the provision is qualified, or otherwise deleted. See also our general comment 2	The provision is relevant only where inter-operation or link arrangements are legally possible, such as: • CSD–CSD links, • CCP–CCP arrangements, • CSD–CCP interoperability, • Information or risk coordination mechanisms involving exchanges without trading participation. The FSCA acknowledges that an exchange cannot, by its nature or under the FMA, act as an authorised user of another exchange, nor does it participate in trading activity. Section 14(3)(c) is not intended to imply that exchanges inter-operate through trading participation or assume the role of authorised users on another exchange. Rather, the provision is directed at circumstances where inter-operation or link arrangements are legally and functionally possible between market infrastructures, such as between CSDs or CCPs, or where exchanges are involved in operational, information-sharing or risk coordination arrangements that do not entail trading participation. In this regard, please see revised section 14(3)(c).
226.	JSE	14(3)(d) – cross-border trading	Given the applicability of the draft Conduct Standard as set out in paragraph 2, we submit that a reference to cross-border trading is misplaced and not applicable in this context. We therefore recommend that subparagraph 14(3)(d) be deleted.	Please see response to comment 38 above. Note that paragraph (d) has been deleted.
227.	SAIFM	Section 14)(3)(d) – Co-operation and interoperation agreement	This particular clause, and only this clause, refers to cross-border operations. Why cross-border operations for this matter and why only cross-border matters?.	Note that paragraph (d) has been deleted.

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228.	JSE	14(3)(e) – Reconciliation procedures	A requirement to reconcile the records of multiple exchanges to ensure that they are accurate and current implies that the different sets of records should be the same, hence why they need to be reconciled. Exchanges maintain records of many things, and paragraph 14(3)(e) does not say which records need to be reconciled. Given that the records of different exchanges are likely to be completely different, as they operate independently from each other and do not process the same transactions, we cannot see why the respective records of exchanges with common listed securities and/or common authorised users need to be reconciled. Therefore, this requirement should qualify that it does not apply to exchanges, or should be deleted from the draft Conduct Standard.	Please see augmented section 14(3)(e). It is important to note that the provisions in section 14 are in respect of exchanges with common listed securities and common authorised users. Such a reconciliation is in respect of the regulatory requirements pertaining to the activities of common authorised users and the transactions involving common listed securities as set out in the provisions of the Standard. In addition, the intention of section 14(3)(e) is not to require exchanges to reconcile their respective internal trading records or order books, which are independently generated and are not expected to be identical. Rather, the provision is intended to ensure the integrity, accuracy and currency of records that are shared, exchanged or relied upon pursuant to a co-operation or inter-operation arrangement, including records generated through interoperability mechanisms, peer-to-peer links or shared data feeds. It is acknowledged that exchanges operate independently and process distinct transactions. Accordingly, only records that arise from, or are relevant to, the specific inter-operation arrangement between market infrastructures would reasonably be capable of reconciliation. In light of the above, it is not considered necessary to exclude exchanges entirely from the scope of section 14(3)(e). However, clarification of the provision is warranted to ensure that it applies only to relevant records within the context of an inter-operation arrangement and does not imply reconciliation of unrelated or independently generated records.

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229.	JSE	14(4) – Interoperability model	We note that subparagraph 14(4) was copied from the Access and Interoperability Guideline - 28 June 2007 ('the Guideline'), which was developed under the *European Code of Conduct for Clearing and Settlement of cash equities* ('the Code"), a market-led initiative by the exchange and post-trade industry to create a consistent, coherent, and cost-efficient pan-European framework for cash equities trading, clearing, settlement, and custody: *"The ultimate aim* [of the Code] *is to offer market participants the freedom to choose their preferred provider of services separately at each layer of the transaction chain (trading, clearing and settlement) and to make the concept of "cross-border" redundant for transactions between EU members States".* Adherence to the Code was voluntary but was considered necessary in the absence of pan-EU regulation, namely the European Market Infrastructure Regulation ('EMIR') adopted in July 2012, the Central Securities Depositories Regulation ('CSDR') adopted in July 2014, and indeed the CPSS-IOSCO Principles for Market Infrastructures ('PFMIs') published in April 2012. We are of the view that introducing the model provided for in the Guideline is inappropriate, not because we think the model is flawed, but because it is outdated, and more importantly, the rest of the draft Conduct Standard	The Conduct Standard is not intended to transpose an EU model into South African law. The Standard is aimed at addressing issues in the South African financial markets as outlined in the Statement of need. The obligations of market infrastructures are limited to what is contained in the Standard. The purposes for which an interoperability model was adopted in the EU is irrelevant for purposes of this Conduct Standard.

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			uses language aligned to the PFMIs. The introduction of a different model and different language is confusing and is likely to result in misinterpretation. We therefore strongly recommend that this subparagraph is deleted in its entirety. We do, however, note that the Guideline provides a useful matrix that graphically sets out the possible links between financial market infrastructures and exchanges. The matrix effectively supports our contention that exchanges (trading platforms) do not link or interoperate with each other.	Section 14(4) is not intended to introduce an alternative regulatory model, nor to impose interoperability obligations on market infrastructures, including exchanges, where such interoperability is neither appropriate nor envisaged. Rather, the provision is intended to describe, at a high level, the possible forms through which interoperability or access arrangements may be structured, where such arrangements are relevant and permitted under the applicable legal and regulatory framework. In particular, the FSCA agrees that exchanges, as trading venues, are not expected to establish peer-to-peer interoperability arrangements with one another in the manner contemplated for post-trade market infrastructures, and that section 14(4) should not be read as implying such an obligation. In light of the above, the FSCA does not consider it necessary to delete section 14(4) in its entirety. Please see revised drafting of section 14(4). The recommendation to delete the subsection is not accepted.
230.	JSE	14(4) – peer-to-peer links	The requirement that interoperability between market infrastructures must be established through peer-to-peer links rules out other types of links. In fact, the requirement that market infrastructures must establish peer-to-peer links to establish interoperability contradicts the Standard Access and Customised Access forms,	Please see response to comment 226.

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			which are, in essence, participant links.	
231.	JSE	14(4)(a) – undefined terms	With reference to our general comment 2 and our comment on the definition of 'market participant', three new undefined terms are introduced in subparagraph 14(4)(a): 'Standard Access', 'standard participant' and 'member'. The meaning of these terms is unclear, and it is also unclear whether the FSCA is referring to 'participant', as defined in the FMA, or 'market participant', as defined in the draft Conduct Standard. We fail to understand the need to introduce the undefined term 'Standard Access', as it is, in essence, a participant link. [See our general comment 4 on the unlawfulness of a 'participant link'] In accordance with our recommendation on paragraph 14, this subparagraph is unnecessary and should be deleted.	Please see response to comment 25. Please also note that 'market participant' is an umbrella term for authorised users, CSDPs, clearing members etc and should not be confused with CSDP which is expressly defined in the FMA and we are not amending that definition at all. The reference to 'standard access' no longer needs to be defined as the reference has been removed. The same is applies for 'member' and 'standard participant'. Please see response to comment 227.
232.	JSE	14(4)(b) – undefined terms	With reference to our general comment 2 and our comment on the definition of 'market participant', the term 'Customised Access' is undefined. It is also unclear whether the FSCA is referring to 'participant', as defined in the FMA, or 'market participant', as	Please see our response to comment 23.

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			defined in the draft Conduct Standard. The undefined term 'member' is also used in this sub-paragraph. Again, we fail to understand the need to introduce the undefined term 'Customised Access', as it is also, in essence, a participant link. [See our general comment 4 on the unlawfulness of a 'participant link'] In accordance with our recommendation on paragraph 14, this subparagraph is unnecessary and should be deleted.	Please see response to comment 229.
233.	JSE	14(4)(c) – Peer-to-peer links and access to transactions	It is unnecessary for market infrastructures to establish "interoperability through peer-to-peer links" to simply provide another market infrastructure with access to transactions, for the following reasons: i. a co-operation agreement would suffice in the circumstances where such an agreement is entered into between competing market infrastructures or market infrastructures providing a similar function (i.e. clearing and settlement) and the access to transactions is necessary and lawful; or ii. in the circumstances where a market infrastructure (exchange) appoints a market infrastructure (CSD or CCP) to clear or settle transactions or both clear and settle transactions on behalf of the exchange in terms of Section	Please see response to comment 227.

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			10(2)(i)(ii) of the FMA, the contractual arrangements of such appointment would provide for access to transactions; and iii. in all other circumstances, where not in conflict with legislative confidentiality requirements, a standard commercial contract would suffice. In accordance with our recommendation on paragraph 14, this subparagraph is unnecessary and should be deleted.	
15. General requirements for establishing links between market infrastructures				
234.	NPWS	Section 15, "General requirements for establishing links between market infrastructures"	The draft Conduct Standard anticipates the dangers of having several market infrastructures. Risks related to operations, liquidity, and cybersecurity must be managed by stockbrokers. The administrative load is increased by complying to the Conduct Standard's requirements, which include tick sizes, time synchronization, and controls over high-frequency trading.	See response to comment 100 above. The administrative burden is noted and will be reflected in the Statement of need.
235.	SAIS	Section 15, "General requirements for establishing links between market infrastructures"	The draft Conduct Standard anticipates the dangers of having several market infrastructures. Risks related to operations, liquidity and cybersecurity must be managed appropriately across markets without introducing new risks, duplication, additional friction costs, and fragmentation that could be	The comment is noted. Please see response to comment 231.

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			detrimental to liquidity and the relevance of our markets. Complying with the draft Conduct Standard's requirements, which include tick sizes, time synchronization, and controls over high-frequency trading, increases the administrative load. It is essential to ensure these regulations are implemented effectively to avoid creating additional burdens that could negatively impact market efficiency and competitiveness	
236.	JSE	15(8) – undefined term "central counter party link"	The term "central counterparty link" is not defined, but we assume that the FSCA intended to use the term "inter-central counterparty link". We refer to our general comment 2 and our comments on the definitions of "inter-central counterparty link" and "link", and we recommend that in paragraph 15(8) the term "central counterparty link" is replaced with the term "link".	Agreed. Please see responses to comments 17 and 21.
237.	JSE	15(10) – Undefined term "participant central counterparty"	With reference to our general comment 2 and our comment on the definition of 'market participant', the term 'participant central counterparty' is not defined. We have assumed that the FSCA intended the term 'participant' to mean market participant, as defined in the draft Conduct Standard, and not 'participant', as defined in the FMA. For the sake of clarity and legal certainty, we encourage the FSCA to use more precise terminology that is relevant in the South African context.	Please see revised section 15 (10) Section amended to refer to the participating central counterparty, meaning in the grammatical sense the central counterparty that participates in the link. 'participant' as defined in the Standard. Also note that intention of section 15(10) is to distinguish between central counterparties that are parties to a link arrangement, and not to refer to a "participant" as contemplated in the Financial Markets Act or to a "market participant" as defined in the Conduct Standard.

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238.	JSE	15(11) – "inter-central counterparty link"	We refer to our general comment 2 and our comments on the definitions of "inter-central counterparty link" and "link", and recommend that in paragraph 15(11) the term "inter-central counterparty link" is replaced with the term "link".	Agreed. Please see response to comment 17 and 21 and revised section 15(11).
239.	JSE	15(11) – "participant"	With reference to our general comment 2 and our comment on the definition of 'market participant', we have assumed that the FSCA intended the term 'participant' to mean market participant, as defined in the draft Conduct Standard, and not 'participant', as defined in the FMA. For the sake of clarity and legal certainty, we advise the FSCA to use more precise terminology relevant in the South African context.	Agreed. Please see revised wording of section 15(11) and response to comment 233.
CHAPTER 6 **SHORT TITLE, COMMENCEMENT AND REPEAL**				
16. Short title and commencement				
240.	SAIS	**Section 16 . Short Tittle, Commencement and Repeal** **16. Short title and commencement** (1) This Conduct Standard is called the Conduct Standard for market infrastructures, 2024 and comes into operation 12 months after date of publication.	This Conduct Standard is called the Conduct Standard for market infrastructures, 2024 and comes into operation 12 months after date of publication. This could lead to significant challenges if implemented within such a short timeframe. The primary concerns being : 1. **Fragmented Market**: • **Lack of Coordination**: Insufficient time for thorough stakeholder engagement and coordination could	The comments are noted. See revised transitional period extended to 18 months.

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		17. Repeal (1) This Conduct Standard repeals Board Notice 1 of 2015 published in Government Gazette No. 38369 of 2 January 2015 with effect the date referred to in section 16(1).	result in disparate adoption rates and inconsistent application of the Conduct Standard across different FMIs. • **Operational Disruption**: Rapid implementation may disrupt existing operations and processes, causing inconsistencies in market practices. 2. **Systemic Risks**: • **Unforeseen Circumstances**: A rushed implementation could overlook critical risks and nuances specific to South Africa's financial market, increasing the likelihood of systemic issues. • **Inadequate Risk Management**: FMIs may not have sufficient time to adapt their risk management frameworks to comply with the new Conduct Standard, potentially leading to vulnerabilities. 3. **Insufficient Preparation**:	

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			• **Training and Compliance**: Market participants and regulatory bodies may not have adequate time to train staff, update systems, and ensure full compliance, resulting in operational inefficiencies and compliance gaps. • **Technical and Operational Readiness**: FMIs may struggle to update their technical infrastructure and operational procedures within the limited timeframe, risking implementation failures.	
17. Repeal				
241.	SAIS	**<u>INTRODUCTION</u>**	The SAIS applauds the FSCA for its efforts to drive competition, transparency, fairness and inclusion. It is crucial to highlight that the SAIS and its members are unequivocally supportive of FSCA'S efforts to enhance competition in the financial markets and appreciate the enormous value it brings. We are fully aware of the market's complexity and recognise that South Africa cannot afford to introduce any adverse risks.	Noted.

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			The SA financial markets stand at a pivotal crossroads, necessitating the evolution of regulatory frameworks aimed at preserving market integrity, mitigating systemic risks whilst maintaining international competitiveness. Competition, technological advancements, and harmonisation of global regulations bring many positive benefits, enhancing efficiency, transparency and fairness. However, these advancements also introduce heightened complexities in risk management. These complexities require a thoughtful balance to safeguard the market's integrity and ensure its orderly functioning. In our pursuit of this balance, it is crucial to avoid unintended consequences such as barriers to entry, the creation of unlevel playing fields and the possibility of significant costly impacts. As a cohesive group of market practitioners, the SAIS stresses the importance of conducting a detailed analysis of the benefits and drawbacks of the proposed draft codes of conduct for FMIs. It is only through a complete and nuanced understanding that we can formulate regulations that are just, equitable and reflect the collective will of the market community. Our objective is to develop regulatory mechanisms that align with international standards	Noted. The FSCA's approach to consulting on the Conduct Standard has followed the prescripts of the FSR Act for public consultation. This processes involves calling for

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			while bolstering the resilience of our uniqueness and the SA local market. Collectively, we must strive to preserve its unique characteristics and foster growth, ensuring that systemic risks are mitigated to create a safer environment for all market participants. In doing so, we must seek a careful balance between encouraging innovation and managing risk. The SAIS acknowledges that the FSCA's initial proposal aimed to address gaps in managing the risks associated with diverse forms of market access across common markets with the same listed shares, however, the implementation of the draft Conduct Standard must be approached with caution to avoid unduly burdening market participants with additional compliance costs, system upgrades and operational complexities. In respect of all Authorised Users, both **Wholesale and Retail**, it is crucial that the FSCA address several key points raised in the comments below and contextualise them within the broader framework of the SA Market. These points include integrity and fairness, technological advancement, regulatory compliance, conflict of interest, barriers to entry, exclusion and costs. The comments provided reflects a broader industry perspective, underscoring the need for additional	comment on the content of the Standard as well as the draft of the Statement of need. The comments received have informed the responses to the submissions from commentators as well as on the updates to the initial draft of the Statement of need. The FSCA has also held targeted consultations with members of the industry prior to issuing the draft Standard. As stated in various places above, the development of a conduct standard involves a great level of research – informed by regulatory and supervisory data, international bodies as well as experiences in comparable jurisdictions.

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			consultation and pragmatic regulation that adapts to technological advancements while safeguarding market stability. It ensures that the consolidated perspectives and concerns of the financial community are comprehensively represented, safeguarding the industry's interests but more importantly ensuring a cohesive framework within which to operate. The SAIS understands that this Draft Statement introduces new concepts aimed at addressing fairness and competition. This initiative originally sought to address the complexities of the two cash equity markets, JSE and A2X, given that legislation has traditionally been written around one exchange—the incumbent JSE. Unfortunately, the pace of regulatory change has been slower than anticipated; the Financial Markets Act (FMA) Review, FSRA and COFI have not yet been finalised, leading to a misalignment between the draft Code Standard for FMIs, which is not optimal as they may conflict and create confusion. The SAIS believes that it is vital to have first created a detailed FMI framework and then develop specific Codes of Conducts. However, SA Regulators are attempting to write codes of conduct before establishing a detailed framework, which in itself creates complexities and can be problematic as the groundwork and	

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			foundation have not been laid. The scope of these draft codes has also expanded from the original proposal for Codes for Exchanges to Codes across all FMIs. Although this may seem to be a small adjustment in the drafting, what seems to have transpired is that the notice of the draft Conduct Standard has been premised on research done on other international markets across different asset classes and across trading and settlement, resulting in confusion between different markets and infrastructures. The draft codes have taken different international exchanges across cash equities, derivatives, IRC, and bonds and their respective settlements and consolidated them into one document for the SA market, which is at a very different stage and has very different structures, trading and settlement practices. This has created a document that is exceptionally confusing, as it assumes that all securities markets across different jurisdictions and asset classes trade and settle similarly when they have very different characteristics. While we understand that this draft paper is intended to address the behavior of FMIs and is not meant as a detailed technical framework, this draft conduct paper lacks essential and critical detail, making it exceptionally difficult to see how it can be implemented, measured and	See response to same comment raised by commentator in comment 8, 19 and 101 above.

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			enforced without updated legislation and a proper framework. Despite these challenges, there is a strong conviction that the legislative frameworks governing financial activities should remain distinct and clear, without any overlap that could complicate compliance efforts. This introduction sets the stage for detailed feedback and comments on each section of the draft Conduct Standard, reflecting the collective expertise and concerns of the SAIS and its members. The SAIS stands ready to collaborate closely with the FSCA and all other stakeholders, leveraging our collective knowledge and influence. Together, we aim to facilitate the creation of regulations that not only uphold transparency but also safeguard the interests of investors and market participants, fostering a thriving economic environment that reflects the values of transparency, fairness, integrity, sustainable innovation and growth.	
242.	SAIS	**Statement – 2.2**	The proposed requirements in the draft Conduct Standard for Exchanges were further aimed at addressing the consequences of fragmentation of the market, which needed to be managed so as not to disrupt the orderly functioning of the financial markets. It was therefore important that the FSCA address issues of a policy nature, and the	Please see response to comment 1.

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			particular circumstances in which exchanges should interoperate and cooperate, that have been explicitly addressed in the draft Conduct Standard to ensure a sound, fair, efficient and transparent equity market. This been said the SAIS assumption is that the Codes are trying to solve for the issue around JSE and A2X, where they have common members who trade common listed equities From the original draft Conduct Standard that were sent out for comment around conduct standards for Exchanges, the FSCA identified a need to expand the scope of the draft Conduct Standard to apply to all licenced market infrastructures and not only exchanges from comments receive. A need was also identified to augment the previously proposed requirements to address, amongst other, issues that speak directly to access to the markets, fairness of the market infrastructure's rules and establishment of links between market infrastructures, where appropriate. Unfortunately, in the expansion this draft Conduct Standard, seems to confuse concepts across different Exchanges and Asset Classes and FMI's. There are very distinctive and different roles and responsibilities of exchanges across different asset classes and markets. The assumption would also be that this codes would	

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			only cover SA Markets and Participants.	

Section C: Public comments received on the draft Statement of Need and responses from the FSCA

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243.	A2X	A2X specifically wishes to acknowledge and appreciate the following clauses contained in the Statement of Need. It is in this spirit that we make the comments we have made above.	We welcome the introduction of the standards and the rationale set out in the Statement of Need. As a general point we would like to stress the importance of the principes set out in the Statement of Need and the practical implementation of the Standard aligning to achieve the required outcome. Achieving the required degree of cooperation and interoperability is not a simple issue. The last decade has seen competing market infrastructures with common participants operating as competitors in the absence of the proposed standards. Consequently, the said parties have some practical experience around where the main points are that have negatively impacted on productive interoperability and cooperation. A key issue is the need for an incentive for market infrastructures to comply with the required time frame, which is specifically relevant when dealing with an entrenched operator as opposed to the challenger. It is on this basis that it is submitted that a formal process	The comments are noted and the FSCA appreciates the comment regarding the practical challenges associated with achieving effective cooperation and interoperability between competing market infrastructures, particularly in a market that has operated for an extended period in the absence of formal standards. In this regard, the FSCA acknowledges that market infrastructures have developed practical experience of the impediments to cooperation and that, in the absence of regulatory oversight, there is a risk that implementation may be delayed or uneven, particularly where there are asymmetries in market position. While the Conduct Standard does not prescribe a specific implementation mechanism, the FSCA envisages playing an active role during the transition period, including through structured engagement with affected market infrastructures to: • monitor progress against agreed timelines; • identify obstacles to effective implementation; • facilitate transparency regarding areas of disagreement or delay; and

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			managed by FSCA over the duration of the period provided for compliance is essential to achieving the objectives of the proposed standard. Experience has shown that competing parties agreeing and implementing measures to achieve meaningful cooperation and interoperability is unlikely to occur without strict guidelines and monitoring by an independent party.	• assess whether the outcomes required by the Conduct Standard are being achieved. Such engagement is not intended to involve the FSCA in the negotiation of commercial terms or technical solutions, but rather to ensure that market infrastructures engage constructively and in good faith, and that the objectives of the Conduct Standard are met within the prescribed timeframe. The FSCA will consider the appropriate supervisory tools and processes to support effective implementation, taking into account proportionality, market dynamics and the need to preserve regulatory neutrality. It is important to note that compliance with the requirements in the Conduct Standard will be mandatory. Non-compliance once the transitional period has expired may attract administrative action against the defaulting entity.
244.	NPWS	Section 3, Page 4	New Entrants When compared to other exchanges, the primary exchange, the JSE, accounts for a significant portion of financial market exchange activity. This indicates that a small portion of	It is important to distinguish between the provisions of the Conduct Standard that apply to exchanges with common authorised users and common listed securities and the provisions that are of general application. The regulatory responsibilities of entities will depend on that

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			authorized users will be impacted by shared infrastructure, while a large number of customers are inconvenienced. Is it necessary for the entire industry to pay for system, infrastructure, and operation changes in order to accommodate a small portion of the industry?	distinction. Therefore, it is crucial that the provisions are read and understood within the context in which they are drafted. The intention of the Conduct Standard is to ensure level paying fields between all market infrastructures regardless of size by applying uniform regulatory requirements to all.
245.	SAIS	Section 3, Page 4	**Additional direct general member feedback** **New Entrants** When compared to other exchanges, the primary exchange, the JSE, accounts for a significant portion of financial market exchange activity. This indicates that a small portion of authorized users will be impacted by shared infrastructure, while a large number of customers are inconvenienced. Is it necessary for the entire industry to pay for system, infrastructure, and operation changes in order to accommodate a small portion of the industry?	Please see response to same comment directly above.
246.	JSE	3.6(a) – Seamless trading and settlement	Seamless trading and settlement across multiple competing exchanges is an unrealistic objective in terms of what competing exchanges can reasonably be expected to do to achieve this objective. Trading systems operated by competing exchanges are naturally independent of each other. If investors want to trade in common listed securities across multiple exchanges, it is primarily those investors and their appointed agents that need to make arrangements to facilitate cross-market trading, not the	The provisions are aimed at ensuring the efficiency and integrity of the financial markets. It is not the intention of the Conduct Standard that all exchanges ameliorate their processes and procedures into one. The aim is to ensure that the integrity of system is protected in a multi exchange environment, amongst the other matters in the Standard. The requirements placed on exchanges do not disempower investors from seeking ways to improve their practices. Although cross trading may not, in a purist sense, be seamless – impediments to efficient markets should at the very least be mitigated, where possible.

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			competing exchanges. Competing exchanges may need to cooperate on certain issues to align certain standards and processes in the interests of common investors, but that cooperation is not going to result in trading across the exchanges being 'seamless'. Similarly, in the absence of central clearing through a CCP in a particular securities market, competing exchanges are likely to have somewhat different settlement arrangements, even if they appoint the same CSD to settle their trades. Cooperation between the exchanges on certain settlement processes may well mitigate some of the risks associated with failed settlements, in the interests of investors on each exchange, but that cooperation is not going to result in the settlement of trades on independent exchanges being 'seamless'. The FSCA's view on seamless trading and settlement across competing exchanges, and what competing exchanges are expected to do to achieve seamless trading and settlement, is not supported by any statutory provisions and is contrary to the policy of our legislature that is embodied in these statutes. It has also resulted in a number of unrealistic, unduly onerous, and, in certain instances, unlawful provisions in the draft Conduct Standard. Furthermore, most, if not all, of these provisions fall outside of the ambit of matters that	Disagree that the FSCA is acting beyond its statutory powers or that any of the provisions are unlawful. Please see response to same comment raised in comment no 44 above and in response to the same issue raised throughout. The FSCA is acting well within its powers in terms of the FMA and FSR Act, and in fulfilling its statutory mandate to enhance and support the efficiency and integrity of financial markets.

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			may legitimately be recorded in Conduct Standards.	
247.	JSE	3.6(b) – Consolidated pool of liquidity	There cannot and should not be a consolidated pool of liquidity across competing exchanges that competing exchanges should be obliged to create through cooperation. The reality is that competing exchanges operate separate and independent pools of liquidity. Investors who want to access these separate liquidity pools simultaneously will utilise the necessary technology, such as smart order routers, to aggregate the separate liquidity pools, but the competing exchanges cannot and should not be expected to make arrangements through some form of cooperation that effectively combine their competing offerings into a single service. Mandating that competitors must cooperate to create a seamless experience for their customers, even though they offer completely separate venues to trade their products, often with materially different features, would be a form of regulatory intervention that compromises the normal practices and economic forces in a competitive market.	Disagree. The commentator's view seems to only account for its own role in the market, without appreciating the wider benefits that this may hold for investors, the financial markets and the broader economy. The purpose and benefits of participants having access to a larger and consolidated pool of liquidity is made clear in the Statement of Need and Expected impact in that this leads to more efficient price discovery and improved training conditions. When the market is at a higher level of liquidity, prices are more likely to absorb private information (which means higher market efficiency). This is because higher liquidity encourages informed trading by reducing transaction costs (Admati and Pfleiderer, 1988; Ammy-Driss and Garcin, 2022) • For investors, more liquid markets are associated with lower costs of trading, an ability to move more easily in and out of assets, lower price volatility, and improved price formation. • Issuers are attracted to more liquid markets, as they reduce the cost of raising capital and produce more accurate share price valuations. • Stock exchanges value the increased attractiveness to issuers and investors, as this translates into greater use of the market, greater confidence, greater ability to attract new stakeholders, and greater ability to do business, which drives revenues both directly (through trading fees) and indirectly (through extending their product offering, for example). • Economies as a whole benefit, with companies able to access capital at a reasonable cost, subsequently increasing

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				investment in their business and driving increased employment and their overall contribution to the economy. (Enhancing liquidity in emerging markets - Available at: https://www.world-exchanges.org/storage/app/media/research/Studies_Reports/liquidity-in-emerging-market-exchanges-wfe-amp-ow-report.pdf)
248.	JSE	3.6(d) – Focus on value-added services	This paragraph seems to imply that competing market infrastructures should collaborate on their core licensed functions, so that those core functions work seamlessly together for the benefit of common market participants, and that each competing exchange should then just focus on 'value adds' and 'service quality improvements'. This fails to fully recognise how all business operates in a competitive environment and how businesses attract customers and differentiate their offerings, and that the environment in which market infrastructures operate is not fundamentally different in this regard to other business sectors. Competing exchanges don't operate common public utilities with some value-adds layered on top. There is no core trading platform provided by every exchange and no standard core functions performed by every exchange that should just be linked to or aligned with all competing exchanges' platforms and functions, for the convenience of common market	Please see response to comment 241.

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			participants. Competing market infrastructures, such as exchanges, compete on the nature and quality of their core licensed functions and the provision of their core services. Mandating that competitors collaborate on the essence of their core offerings and only focus on value-adds and service quality improvements would, again, be a form of regulatory intervention that goes against normal commercial practices and competitive forces. This is a drastic and unlawful intrusion into the rights, powers, and liberties of exchanges. The FSCA's general view on the extent of collaboration between competitors and the role of the regulator in intervening in the normal functions of a competitive market, has, in our view, translated into a number of unreasonable and inappropriate provisions in the draft Conduct Standard.	
249.	JSE	3.6(e) – Consolidation of trading and settlement activities	Competing market infrastructures cannot lawfully be expected to 'consolidate' their licensed functions. A consolidation of independent, competing functions amounts to a combination of separate activities performed by independent entities into a single combined activity. This effectively requires competing entities not to compete or differentiate themselves on their core offerings. This would be contrary to the provisions of section 10 of the FMA	Paragraph 3.6 of the Statement of need and expected impact explains by way of example the potential benefits that increased cooperation and interoperability hold for the market, It does not force exchanges to consolidate all functions but instead challenges the status quo in that exchanges should consider how they could cooperate and work more efficiently to reduce costs associated with managing multiple relationships. It does not imply that there should not be competition between exchanges, but rather that exchanges should consider how they can reduce costs for participants through working more efficiently and collaborating. We

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			and in conflict with the objects of the FMA and competition law.	do not agree that expecting exchanges to cooperate better to improve cost efficiencies for market participants is contrary to the object of the FMA or in any way contradicts section 10 of the FMA.
250.	JSE	3.7 – Sharing of information	Relevant and necessary information should be shared between market infrastructures, but only when the information has a material impact on another market infrastructure. The draft Conduct Standard seemingly takes the position, in how it's drafted, that all information on the matters listed as 'Significant Events' must be shared with other market infrastructures, regardless of whether the information has an impact on another market infrastructure or not. Subject to the necessary clarity being provided in the Conduct Standard on the circumstances in which a market infrastructure needs to share information on significant events with another market infrastructure, we do not support requirements that require unnecessary information to be shared.	The commentator's comment is not clear on what information in the definition of "significant event" would not be relevant to / have an impact of other markets infrastructures. The substantive requirements in section 7 of the Conduct Standard sets out that a market infrastructure facing a significant event must inform all other market infrastructures immediately of the event and any potential impact that the significant event may have on their core services, compliance monitoring and reporting systems. In the absence of detail on which information proposed is irrelevant or will not impact other market infrastructures, the requirements are considered appropriate.
251.	JSE	3.11 – Settlement assurance coordination	Settlement assurance, in the absence of central clearing through a CCP, is part of the competitive offering and attractiveness of an exchange. Competing exchanges should cooperate on settlement matters that affect each other's markets, but they cannot be expected to adopt a coordinated approach that would require them to somehow iron out the differences in their respective approaches to managing settlement	Exchanges are expected to, through rigorous risk management processes, appropriately manage operational and settlement risks, which include the risks related to failed trades. Arguably, this would fall within what the commentator refers to as "settlement matters that affect each other's markets" The requirements for such co-operation between exchanges as explained in 3.11 therefore is deemed appropriate.

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			risk, as paragraph 3.11 seems to contemplate.	
252.	JSE	3.12 – Common CSDs and best execution	Paragraph 3.12 refers to common CSDs, although the draft Conduct Standard doesn't seem to do so. We cannot contemplate what a common CSD is in the context of the Conduct Standard. A CSD can be appointed by more than one exchange to settle trades and act as the ultimate custodian of dematerialised securities, but that is very different to, say, a common authorised user that is admitted as a user of multiple exchanges and uses the services of multiple exchanges. The Conduct Standard is principally aimed at the approach to be taken by market infrastructures to common users of the licensed functions of multiple market infrastructures, and not single market infrastructures appointed by multiple other market infrastructures. Furthermore, best execution is a trading concept, so we do not understand why reference is made to common CSDs (who perform settlement and custody functions) having to adhere to the principle of best execution.	Comment noted. The insertion of Common CSDs has been removed from paragraph 3.12 in the Statement of Need and expected impact and replaced with common CSDPs.
253.	A2X	*Relevant international and local developments* 3.21 The FSCA has considered international best practice and	A2X encourages the FSCA to further align with international best practice in terms of the MTF model introduced in multi-exchange jurisdictions. This point is acknowledged however it is key for the Standard to be effective in achieving its objects that a balance is	The FSCA issued Communication 19 of 2024 - The operations of Multilateral Trading Facilities and Exchanges in terms of the Financial Markets Act, 2012, accessible on the FSCA website which clarified that the current existing legal framework does not permit nor make provision for an MTF.

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		standards and does not intend to be overly prescriptive in respect of the requirements. The introduction of requirements for market infrastructures aligns with global standards and established best practices.	required to be struck between not being overly prescriptive and the need to set out sufficient details. This is to ensure that market infrastructures have sufficient clarity on what is required to comply with the Standard, and be incentivised to comply.	
254.	JSE	3.21 – Global standards and best practices	Paragraph 3.21 states that the FSCA has considered international best practice and standards in formulating the requirements in the draft Conduct Standard, and that the requirements in the Conduct Standard align to these best practices and standards. Whilst international best practice and standards are a relevant consideration, the draft Conduct Standard must be assessed within the South African context and with due regard to the provisions of the FMA and the FSRA. Many of the matters recorded in the draft Conduct Standard represent a fundamental shift in the policy that is embedded in the existing statutes, go beyond what is provided for in legislation, fall outside of the ambit of matters that may lawfully be dealt with in conduct standards, and amount to an unlawful interference in the legitimate interests of market infrastructures.	Please see responses to the same point raised repeated by the commentator throughout this report. We fundamentally disagree that the requirements in the Conduct standard goes beyond what is permissible in terms of legislation. The FSCA derives its statutory powers to make subordinate legislation from the FMA and the FSRA. It is critical to take into account the Conduct Standard making powers in the FSR Act when considering the proposals in this Conduct Standard and to read it with the mandate of the FSCA as set out in sections 57 and 58 of the FSRA. The FSCA has wide standard making powers in terms of Chapter VIII of the FMA and sections 106 and 108 of the FSR Act.

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			Furthermore, even if some of the requirements in the draft Conduct Standard are aligned with international best practice, this cannot be said for many of the requirements in the draft Conduct Standard that do not seem to be sourced from international standards and best practices. The statement that the FSCA does not intend to be overly prescriptive in respect of the requirements in the draft Conduct Standard is also not supported by many of the provisions in the draft Standard. In our view, the draft Standard is particularly prescriptive and intrusive in relation to matters of competition and cooperation between market infrastructures, and goes much further than what is contemplated in the objects and the provisions of the FMA, as well as any global best practices and standards, in its interventions on those matters. We have commented on the numerous provisions in the draft Conduct Standard that we are concerned about in this regard.	The commentor acknowledges that international best practice and standards are relevant and that the FSCA has clearly considered this and, where appropriate incorporated these requirements into the Conduct Standard. It then comments that there are certain provisions that are not derived from international standards. At the same time the commentator suggests that the South African context must be borne in mind. It is submitted that the provisions that are not from international standards are in fact those that take into account the unique context of the local market and aims for provide a structure for the fair and consistent functioning of the South African market. We have also responded throughout to clarify the seeming misconception about the standard making powers of the FSCA and how it aligns with the FSRA and FMA.
255.	JSE	3.25 – Best execution	The MiFID 2 best execution requirements apply to securities trading intermediaries, who need to act in the best interests of their clients by achieving the best possible outcome when trading on behalf of those clients. Securities trading firms need to consider how to achieve best execution when a security trades across multiple	Noted. See revised wording in the Statement of Need and expected impact in paragraph 3.25 in this regard.

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			trading venues. It is not the trading venues, such as exchanges, that have an obligation to achieve best execution for investors – they are merely the mechanism through which best execution is achieved. But the draft Conduct Standard incorrectly imposes certain best execution requirements on exchanges. We therefore do not agree with the statement that the requirements in the draft Standard related to best execution are aligned to international best practice.	
256.	JSE	3.35 – Risk of an unfair market	Competitors enter the market infrastructure environment knowing that they are introducing fragmentation. It is inevitable that competing market infrastructures are going to do things differently to each other, so fragmentation naturally results in differentiation. There are undoubtedly going to be some inefficiencies if investors want to achieve some type of consolidation or inter-connectivity between competing platforms with somewhat different arrangements, in a fragmented market. Seamless consolidation is not a realistic objective. But the fact that fragmentation creates some inefficiencies does not lead to an 'unfair market' for some competing market infrastructures. Each competing market infrastructure is entitled to make its own arrangements within the requirements imposed by the FMA. A market infrastructure will naturally choose the standards that it	Although fragmentation may be a feature of the financial markets, the Standard is responsively aiming to ensure the efficiency and integrity of financial markets – notwithstanding such fragmentation. Unabated- fragmentation may lead to undesirable consequences for the financial markets – which this Conduct Standard is aimed at mitigating.

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			adopts in relation to the various technological and human resources that it deploys and the processes that it applies, in performing its licensed functions, as long as it meets the regulatory requirements. If that creates a different experience for investors wanting to access competing platforms, and leads to some inefficiencies, that cannot be characterised as 'unfair' to those market infrastructures that choose to set themselves up in a different way, perhaps with lower (but acceptable) standards.	
257.	JSE	4 – Summary of the draft Conduct Standard	We have elected not to comment on the summary of the draft Standard as we have commented in detail on the various provisions in the draft Standard.	Noted.
258.	JSE	4.7 - Future status of Notice 2017	We refer to our numerous specific comments regarding the "significant event" provisions in the draft Conduct Standard, and note that the Statement of Need does not provide any clarity on the future status of the Financial Services Board Notice to Licensed Market Infrastructures to Report Significant Events to the Registrar, published on 20 June 2017 (Notice 2017). We recommend that the FSCA provide clarity on whether Notice 17 will be repealed when the Conduct Standard is implemented.	See changes to the Statement of need and the Conduct Standard. The requirements in Financial Services Board Notice to Licensed Market Infrastructures to Report Significant Events to the Registrar, published 20 June 2017 ('Notice 2017') has been incorporated into the Conduct Standard and the Notice 2017 will be repealed alongside the effective making of the Conduct Standard.
259.	BASA	The Statement supporting the Draft Conduct Standard references, in the summary, the below	➢ We request clarification for the statement as it is not clear why a CSD would have counterparty risk.	The comment is noted. Please see paragraph 5.8.1 of the revised Statement of need to clarify the intention.

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		in relation to central securities depositories: 4.8.1 *The FSCA requires that a central securities depository implement robust risk management practices to mitigate counterparty risk, establish clear and effective mechanisms for handling defaults and develop effective collateral management.*	The Draft Conduct Standard itself does not contain this requirement for CSDs	
260.	NPWS	Section 5, Page 12	Centralized Oversight Will the standard establishing centralized oversight mechanisms that can help monitor and manage systemic risks more effectively, even in a fragmented and common market environment	The FSCA will conduct oversight over the implementation of the Standard per its standard and embedded supervisory functions.
261.	NPWS	Section 5, Page 12	Resilience A diverse ecosystem of market infrastructures can enhance market resilience. If one infrastructure fails, others can continue to operate, reducing the likelihood of a total market shutdown.	Agreed.
262.	NPWS	Section 5, Page 12	Tailored Solutions Different market infrastructures will be ringfenced as a result to provide specialized services tailored to the needs of specific segments of the	The observation is noted.

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			market, improving overall market efficiency and effectiveness.	
263.	SAIS	Section 5, Page 12	**Additional direct general member feedback** **Centralised Oversight** Will the Conduct Standard establishing centralized oversight mechanisms that can help monitor and manage systemic risks more effectively, even in a fragmented and common market environment	Please see response to comment 257.
264.	SAIS	Section 5, Page 12	**Additional direct general member feedback** **Resilience** A diverse ecosystem of market infrastructures can enhance market resilience. If one infrastructure fails, others can continue to operate, reducing the likelihood of a total market shutdown.	Please see response to comment 258.
265.	SAIS	Section 5, Page 12	**Tailored Solutions** Different market infrastructures will be ringfenced as a result to provide specialized services tailored to the needs of specific segments of the market, improving overall market efficiency and effectiveness.	Please see response to comment 259.
266.	NPWS	Section 5.1, Page 12	Innovation and Competition The implementation of this standard will negatively impact on innovation and competition among market infrastructures, as each platform will not strives to offer better services and technology to attract participants.	Disagree. The Conduct Standard is not expected to give rise to this concern. Although the comment is noted, it appears not to be a sentiment common across the commentators on the Conduct Standard. In any event, the FSCA will monitor post implementation trends when assessing the implementation of the Standard.
267.	SAIS	Section 5.1, Page 12	**Additional direct general member feedback** **Innovation and Competition**	Please see response to comment 263.

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			The implementation of this draft Conduct Standard will negatively impact on innovation and competition among market infrastructures, as each platform will not strives to offer better services and technology to attract participants.	
268.	NPWS	Section 5.5, Page 12	Who regulated the authorised user? Duplication of regulation if member of more than one market infrastructure.	An exchange's responsibility to regulate an authorised user that it has admitted in terms of the FMA will not fall away once the Conduct Standard becomes effective.
269.	SAIS	Section 5.5, Page 12	**Additional direct general member feedback** Who regulated the Authorised User? Duplication of regulation if member of more than one market infrastructure.	Please see response to comment 265.
270.	NPWS	Section 5.5, Page 12	Potential for Over Regulation There is a concern that overly stringent regulations might stifle innovation and competitiveness, potentially driving the market participants to less regulated jurisdictions.	The comment is noted. It is not clear if the commentator is of the view that the requirements in the Conduct Standard amounts to so-called 'over regulation, as paragraph 5.5 explains the intention of the Conduct standard is to facilitate coordination and collaboration by aiming to avoid regulatory arbitrage and ensure that regulatory and compliance efforts are complementary rather than conflicting. In the absence of any details on which requirements are over burdening the comment cannot be responded to in any detail.
271.	SAIS	Section 5.5, Page 12	**Additional direct general member feedback** **Potential for Over Regulation** There is a concern that overly stringent regulations might stifle innovation and competitiveness, potentially driving the market participants to less regulated jurisdictions.	Please see response to comment 267.

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272.	NPWS	Section 5.8, Page 13	Cost and resource implications The cost to implement the proposed standard will not only be borne by market infrastructures, it will also have a significant operational impact on authorised users in respect of changes to processes, and replacement of the main operating system (the exchange's system) as well as up- and downstream systems, which have been developed to comply with current regulatory requirements and settlement procedures, to a new system (not linked to a specific exchange) which can accommodate the new environment. As a retail stockbroker, we estimate the cost of such a change to be approximately R 100 million, since the exchange system is currently utilised to perform all the activities set out below. • Onboarding clients and maintaining client static data, as well as client due diligence information, throughout the client lifecycle. • Recording the financial transactions and position of the client and providing statements to the client. • Recording the financial transactions and position of the member (balance sheet and income statement). • Effecting trade settlements.	Concerns around the cost implications are noted. The intention is not for the Conduct Standard to require a full replacement of the operating system of the market infrastructures or the authorised user. . The Conduct Standard does not require authorised users to replace their core operating systems, nor does it mandate the implementation of a new, exchange-neutral system by authorised users. The Conduct Standard is outcomes-based and does not prescribe specific systems, technologies or architectures. Decisions regarding system design and integration remain a commercial and operational matter for market infrastructures and authorised users, provided that the regulatory outcomes are met. The primary obligations introduced by the Conduct Standard fall on market infrastructures, particularly exchanges, to ensure appropriate cooperation, interoperability and information-sharing arrangements. Any downstream system changes required by authorised users would depend on the implementation choices made by market infrastructures and the extent to which existing interfaces and processes are adapted or maintained. The FSCA notes that the cost estimate appears to assume a comprehensive re-engineering of authorised users' internal systems and processes. The FSCA does not consider such an approach to be an inevitable or necessary consequence of the Conduct Standard.

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			• Processing interest transactions, dividends, and other corporate actions. • Processing client withdrawals and effecting payments to the client's bank account. • Reporting, including annual tax reporting. • Record retention. • System access management. Capital adequacy management and reporting.	In particular, the activities listed (including client onboarding, record-keeping, settlement processing, reporting and capital management) are not required by the Conduct Standard to be performed on a system independent of exchange infrastructure, nor are they required to be duplicated or re-built solely as a result of the proposed requirements. It is acknowledged that system changes may be necessary, but this will be mitigated through longer transitional periods to phase in necessary system changes. It is also not expected that the changes will require a complete system overhaul for exchanges and authorised users, and the FSCA is amenable to allowing phased implementation of the requirements that will result in significant system changes and cost implications. The Conduct Standard is deliberately framed in a principles-based and technology-neutral manner to allow market participants to leverage existing systems and interfaces to the greatest extent possible. The Conduct Standard provides for a transition period prior to commencement, during which market infrastructures and affected parties can plan, phase and prioritise implementation in a proportionate manner. The FSCA envisages engaging actively with market infrastructures and affected stakeholders during the implementation period to identify practical challenges, avoid unnecessary duplication, and support efficient implementation that achieves regulatory outcomes without imposing undue cost.

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				A key objective of the Conduct Standard is to reduce inefficiencies and fragmentation in the market over time. To the extent that existing arrangements already achieve the required outcomes, the FSCA does not expect duplication of systems or processes. The FSCA will continue to consider cost and resource implications carefully in finalising the Conduct Standard. However, it is important that implementation costs are assessed on the basis of the actual requirements of the Standard, rather than assumptions regarding prescribed system changes that are not envisaged by the framework. Over the longer term it is expected that the requirement will create efficiencies in the market and actually reduce cost for participants and for investors.
273.	SAIS	Section 5.8, Page 13	**Additional direct general member feedback** **Cost and resource implications** The cost to implement the proposed Conduct Standard will not only be borne by market infrastructures, it will also have a significant operational impact on authorised users in respect of changes to processes, and replacement of the main operating system (the exchange's system) as well as up- and downstream systems, which have been developed to comply with current regulatory requirements and settlement procedures, to a new system (not linked to a specific	Please see response to comment 269.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			exchange) which can accommodate the new environment. As a retail stockbroker, we estimate the cost of such a change to be approximately R100 million, since the exchange system is currently utilised to perform all the activities set out below. • Onboarding clients and maintaining client static data, as well as client due diligence information, throughout the client lifecycle. • Recording the financial transactions and position of the client and providing statements to the client. • Recording the financial transactions and position of the member (balance sheet and income statement). • Effecting trade settlements. • Processing interest transactions, dividends, and other corporate actions. • Processing client withdrawals and effecting payments to the client's bank account. • Reporting, including annual tax reporting. • Record retention. • System access management. Capital adequacy management and reporting.	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
274.	NPWS	Section 5.11, Page 13	Cost and resource implications As per our response above, the proposed standard will not only impact on market infrastructures. For members trading across various exchanges, it will result in additional layers of complexity in trading and settlement activities, for example producing single contract notes for securities traded across multiple exchanges. This will result in additional costs due to the people, process, and system changes that would have to be implemented and these costs would again, as with other recently proposed conduct standards, have to be borne by market participants. We recommend that the FSCA considers a dispensation in respect of the levies charged on market infrastructures and authorised users who are also financial services providers, as required in terms of the Levies Act, to at least in part assist with the financial burden that will be placed on entities regulated under the Financial Markets Act.	The FSCA notes the anticipated resource implications and the expected related costs that may be borne by impacted market infrastructures and authorised users. The expected cost and resource implication of the Conduct Standard must be weighed again the risks that are being addressed and the long-term benefit that will likely include a reduction in the costs by creating more efficient systems and reducing duplicative costs over time. The FSCA is amenable to suggestions form the industry on how the risk as explained in the Statement of Need and Expected impact can still be addressed whilst managing the impact in a rational and effective manner. The FSCA has also proposed an extended transitional period of 18 months for compliance with the requirements following the publication of the Conducts Standard to alleviate the cost and resource implications of complying with the Standard. The FSCA notes the request that a levies dispensation be considered for impacted market infrastructures and authorised users. The FSCA has the power to allow for such exemptions, but a decision in this regard cannot be made based on a comment to draft legislation or in this consultation report. The exemption needs to be appropriately motivated and explained and the FSCA will consider such an application upon receipt of an application and in considering the merit thereof.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
275.	SAIS	Section 5.11, Page 13	**Additional direct general member feedback** **Cost and resource implications** As per our response above, the draft Conduct Standard will not only impact on market infrastructures. For members trading across various exchanges, it will result in additional layers of complexity in trading and settlement activities, for example producing single contract notes for securities traded across multiple exchanges. This will result in additional costs due to the people, process, and system changes that would have to be implemented and these costs would again, as with other recently draft conduct standards, have to be borne by market participants. We recommend that the FSCA considers a dispensation in respect of the levies charged on market infrastructures and authorised users who are also financial services providers, as required in terms of the Levies Act, to at least in part assist with the financial burden that will be placed on entities regulated under the Financial Markets Act.	Please see response to comment 271.
276.	SAIS	**Implementing a code of conduct for Financial Market Infrastructures**	1. **Lack of Cohesion and Consistency**: • **Fragmented Regulation**: Without an overarching	The FSCA has issued this Conduct Standard in line with the existing legal framework. Primary legislation falls within the purview of the National Treasury – which is responsible for setting the national financial sector policy. In the absence

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
		(FMIs) without first having a comprehensive framework for FMIs in place in South Africa poses several significant risks. These risks stem from the lack of foundational policies, structures, and guidelines that ensure the effective functioning and regulation of FMIs.	framework, the code of conduct may lack consistency with other regulatory measures, leading to fragmented and incoherent regulatory practices. • **Inconsistent Enforcement**: Different regulatory bodies may interpret and enforce the code of conduct differently, leading to inconsistent application and potential regulatory arbitrage. 2. **Insufficient Legal and Regulatory Basis**: • **Legal Challenges**: The absence of a solid framework can result in legal uncertainties and challenges, as the code of conduct might not be firmly grounded in existing laws and regulations. • **Enforcement Difficulties**: Regulators may face difficulties enforcing the code of conduct effectively without a clear legal mandate and comprehensive regulatory guidelines. 3. **Operational Inefficiencies**:	of the empowering provisions of the FMA and FSR Act being pended, the FSCA is competent to issue this Conduct Standard – in line with its current regulatory strategy and regulation plan. It is not clear what overarching framework the commentator believes should be put in place. The reference to a code of conduct is read to refer to the Conduct Standard. The Conduct Standard is subordinate legislation that is to be issued by the FSCA in terms of the powers afforded in the FSR Act. The FSCA is empowered to take action if there is a contravention or suspected contravention of a financial sector law in line with section 253 of the FSR Act. Based on the nature of the contravention, the FSCA may use the relevant enforcement mechanisms in the FSR Act. As the Conduct Standard does not relate to or impact the powers of any other regulatory bodies, the comment is unclear. The Conduct Standard will be issued in term of powers derived from the FSR Act and the FMA. In this regard The Conduct Standard is drafted in terms both the FMA and FSR Act – specifically section 74 of the FMA and section 106(1)(a) of the FSR Act, read with Chapter VIII of the FMA and sections 106(2)(a), 106(3)(a) and 108 of the FSR Act. It is critical to take into account the Conduct Standard making powers in the FSR Act. The draft Conduct Standard has the effect of imposing the legal duty on market infrastructures.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			• **Implementation Challenges**: Market participants might struggle to implement the code of conduct without clear guidance and support from a structured framework. • **Lack of Clarity**: The absence of a framework can lead to ambiguity and confusion about the roles, responsibilities, and expectations of FMIs and their participants. 4. **Inadequate Risk Management**: • **Gaps in Risk Coverage**: Without a framework, the code of conduct may fail to address all relevant risks comprehensively, leaving significant vulnerabilities unmitigated. • **Reactive Rather Than Proactive**: A framework allows for a proactive approach to risk management, whereas a standalone code of conduct may lead to a reactive approach, addressing	Comments around insufficient legal basis are not clear. Please see comment above regarding the enforcement powers of the FSCA. Comments around absence of a framework is not understood as the Conduct Standard by nature is subordinate legislation and will form part of the regulatory framework once in effect. See response above regarding comments about the absence of a framework not being clear. See response above regarding comments about the absence of a framework not being clear.

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			issues only as they arise. 5. **Stakeholder Resistance and Non-Compliance**: • **Lack of Buy-In**: Stakeholders may resist or ignore the code of conduct if it appears to be an isolated measure rather than part of a well-thought-out regulatory strategy. • **Limited Compliance**: Without the support of a framework, market participants may not take the code of conduct seriously, leading to low levels of compliance. 6. **Financial Stability Risks**: • **Inadequate Oversight**: An effective framework provides the necessary tools and mechanisms for oversight and supervision. Without it, regulators may struggle to monitor FMIs effectively, increasing the risk of financial instability. • **Systemic Risk**: The lack of a comprehensive	Please see the FSCA strategy, and the FSCA's 3-year Regulation Plan as published on the FSCA website. The FSCA Regulation Plan, which is annually revised, sets out details of all regulatory development under the FSCA's remit. Available at www.fsca.co.za under *Regulatory Framework > Regulation Plan*. Please see comment above – claims of the absence of a regulatory framework are unclear. Please see comment above – claims of the absence of a regulatory framework/ underdeveloped regulatory environment are unclear.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			framework can exacerbate systemic risk, as the interdependencies and interconnectedness of FMIs may not be adequately managed. 7. **Reputation and Credibility Issues**: • **Loss of Confidence**: Investors and international partners may lose confidence in South Africa's financial market infrastructure if they perceive the regulatory environment as underdeveloped and ad hoc. • **Global Standing**: South Africa's standing in global financial markets could be adversely affected by the perception that it lacks a robust regulatory framework for FMIs. 8. **Strategic and Policy Alignment**: • **Policy Incoherence**: A framework ensures that the code of conduct aligns with broader national financial policies and	Please see comment above regarding the FSCA's publicly available strategy and the 3-year Regulation plan reviewed and published annually. Please see response at the beginning of this comment.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			strategies. Without it, there may be a lack of alignment with national economic goals and objectives. • **Lack of Coordination**: Effective regulation requires coordination between various regulatory bodies and market participants. A framework provides the structure for such coordination, which may be missing with only a code of conduct in place. Implementing a code of conduct for FMIs without a preceding framework can lead to significant regulatory, operational, and financial risks. **It is crucial to develop a comprehensive framework that provides the necessary legal, regulatory, and operational foundation to support the effective implementation and enforcement of a code of conduct.** This approach ensures a coherent, consistent, and effective regulatory environment for FMIs in South Africa.	
277.	SAIS	An **ineffective code of conduct for Financial Market Infrastructures**	1. **Systemic Risk**: • **Increased Vulnerability to Shocks**: Ineffective	The observations are noted. Comment not responded to as it does not directly relate to the content of the draft Conduct Standard or the statement of need and impact.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
		(FMIs) can pose several risks to a country, impacting both its financial stability and economic integrity.	codes of conduct can result in inadequate risk management practices, making FMIs more vulnerable to financial shocks, which can cascade through the financial system. • **Contagion**: Poorly governed FMIs can become channels for the rapid spread of financial distress across institutions and markets, potentially leading to systemic crises. 2. **Operational Risk**: • **Inefficiencies**: Lack of clear guidelines can lead to operational inefficiencies, disruptions, and higher costs within FMIs, affecting their ability to function smoothly. • **Cybersecurity Threats**: Inadequate Conduct Standard may lead to insufficient cybersecurity measures, increasing the risk of cyber-attacks and data breaches. 3. **Market Integrity**:	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			• **Fraud and Manipulation**: Weak conduct codes can enable fraudulent activities, market manipulation, and other unethical practices, undermining trust in the financial markets. • **Insider Trading**: Ineffective conduct may fail to adequately prevent insider trading and other forms of market abuse, eroding investor confidence. 4. **Reputation Risk**: • **Loss of Confidence**: Domestic and international investors may lose confidence in the country's financial markets, leading to reduced investment and higher capital outflows. • **Global Standing**: The country's reputation in global financial markets can suffer, impacting its ability to attract foreign investment and participate in international financial initiatives. 5. **Legal and Regulatory Risks**:	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			• **Non-compliance Penalties**: An ineffective code of conduct may lead to non-compliance with international standards and regulations, resulting in legal penalties and sanctions. • **Regulatory Arbitrage**: Poor governance can encourage regulatory arbitrage, where entities exploit loopholes, further destabilizing the financial system. 6. **Financial Stability**: • **Credit and Liquidity Risks**: Ineffective codes of conduct can lead to inadequate management of credit and liquidity risks within FMIs, potentially causing liquidity shortages and credit crunches. • **Default Risk**: Poor conduct standards can result in higher default risk among financial institutions, threatening the stability of the entire financial system.	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			7. **Economic Consequences**: • **Impact on Growth**: Instability in financial markets can negatively impact economic growth, as financial markets play a crucial role in resource allocation and capital formation. • **Increased Costs**: Inefficiencies and increased risks can lead to higher transaction and borrowing costs, affecting businesses and consumers. An ineffective code of conduct for FMIs can compromise the integrity, stability, and efficiency of financial markets, posing significant risks to a country's financial system and overall economic health. It is crucial for countries to implement robust and effective codes of conduct to mitigate these risks and ensure the smooth functioning of their financial markets.	
278.	SAIS	**Lack of Clarity regarding FMI's and securities and products.**	The Code of Conduct must delineate distinct requirements for various Financial Market Infrastructures (FMIs), including exchanges, clearing houses, central securities depositories (CSDs), and trade repositories, acknowledging their unique functions	The reference to a Code of Conduct is understood to mean the Conduct Standard. The Conduct Standard sets out requirements that specific to types of infrastructures, e.g. exchanges or to the types of subject matter e.g. information sharing. The application section of the Conduct Standard is intended to guide

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			and risk profiles. It is crucial to ensure that the roles and responsibilities within these FMIs are clearly separated to avoid conflicts of interest and operational inefficiencies. Furthermore, the Code should explicitly specify its applicability to different financial instruments such as equities, bonds, and derivatives. Each of these instruments involves unique trading and settlement processes, necessitating customised regulatory requirements to address their specific characteristics and risks effectively.	readers on the entities in scope. Furthermore, the FSCA prefers to issue a rationalised framework as far as possible and to avoid a silo-based approach. Disagree. The Conduct Standard is drafted principle-based manner which aligns to the FSCA's intention to move to a more principle based regulatory framework which allows for the necessary proportionality, and which is focussed on the outcomes of said principles, instead of relying on inflexible rules. The requirements are therefore meant to be broad and to impose a principled requirement on market infrastructures. The standard may be supplemented with guidance where necessary in future.
279.	SAIS	Need to address the unique requirements of different FMIs such as exchanges, clearing houses, central securities depositories, and trade repositories. It's crucial that the code delineates specific provisions for various types of financial instruments, including equities,	Here are key considerations for these requirements: 1. **Tailored Requirements for Different FMIs**: • **Exchanges**: The code should address the unique needs of exchanges, focusing on transparent trading practices, fair market access, and robust market surveillance to prevent manipulation and ensure market integrity.	Please see response to comment 274 and 275.

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
		bonds, and derivatives, recognising their distinct trading and settlement processes.	• **Clearing Houses**: For clearing houses, the code must emphasize risk management practices, including margin requirements, default management procedures, and collateral management, ensuring the mitigation of counterparty risks. • **Central Securities Depositories (CSDs)**: Provisions for CSDs should include detailed requirements for the safekeeping and administration of securities, settlement finality, and the integrity of securities ownership records. • **Trade Repositories**: The code should stipulate standards for data collection, storage, and dissemination, ensuring accuracy, confidentiality, and timely access to trade data for regulatory purposes. 2. **Distinct Requirements for Different Financial Instruments**:	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			• **Equities**: The code should outline specific trading and settlement processes for equities, ensuring efficient and transparent price discovery, liquidity, and timely settlement. • **Bonds**: For bonds, the code needs to address aspects such as the handling of interest payments, redemption processes, and the unique characteristics of fixed income securities trading. • **Derivatives**: Given the complexity and variety of derivatives, the code must include detailed provisions for the clearing and settlement of derivatives, managing credit risk, and ensuring the proper valuation and reporting of these instruments. 3. **Preventing Cross-Product Function Conflicts**: • The code should ensure clear segregation of functions and responsibilities among different types of FMIs	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			to prevent conflicts of interest and operational risks. For example, it should prevent a single entity from performing conflicting roles across different markets (e.g., an exchange also acting as a clearing house without adequate firewalls and governance structures). 4. **Clarity and Applicability**: • **Scope of Application**: The code should explicitly state its applicability across various FMIs and financial instruments, providing clarity on how the provisions apply to different market segments. • **Specific Provisions**: Each section of the code should specify the requirements for equities, bonds, and derivatives trading and settlement processes, ensuring that the unique characteristics of each instrument type are adequately addressed.	

No.	Commentator	Section / Section of the Statement	Comment	FSCA response
			5. **Dynamic and Flexible Framework**: • **Regular Updates**: The code should be designed to accommodate changes in market practices and regulatory developments, allowing for regular updates to address emerging risks and new financial instruments. • **Stakeholder Involvement**: The process of developing and updating the code should involve input from a broad range of stakeholders, including market participants, regulators, and industry experts, to ensure it remains relevant and effective. By incorporating these elements, the enhanced code of conduct will provide a robust, comprehensive, and tailored regulatory framework that addresses the specific needs of different FMIs and financial instruments. This approach will help ensure the integrity, stability, and efficiency of South Africa's financial markets.	

Section D: General comments and responses from the FSCA

No.	Commentator	Comments	FSCA response
280.	A2X	Change Management Consistent with the objectives of the Standard, cooperation and interoperability, it is submitted that Exchanges with common product and users be required to provide reasonable notice to the other exchange in advance of any significant IT Software or Infrastructural Changes that could either impact the exchange's ability to share Data or impact the Exchange's mutual members and therefore safe-guard the integrity of the market's post the proposed changes.	Agreed. Please see insertion in section 12(6) of the Conduct Standard to give effect to this.
281.	BASA	➢ We request clarification of the consequences for the market infrastructure, if they do not adhere to this Standard, and the escalation process for all market participants to raise complaints, concerns, and suggestions to ensure adherence?	Any person may submit a complaint to the FSCA if there is a contravention or suspected contravention of a financial sector law in line with section 253 of the FSR Act. The non-compliance with financial sector laws attracts action from the FSCA, as empowered in the FSR Act. Based on the nature of the contravention, the FSCA may use the relevant enforcement mechanisms in the FSR Act.
282.	JSE	Evolution of the market Since we issued our Market Fragmentation Discussion Paper in 2016 and we submitted our comments on previous draft regulatory instruments on market fragmentation issued in 2018 and 2020, our views on market fragmentation and completion have progressed. The progression of our views over the last eight years is due to the evolution of the competitive evironment and the knowledge and experience that we have gained in this environment. In an environment of dual-listed and multiple listed securities, and in particular where a security is primary listed on an external exchange, our thinking regarding the preferential treatment of a primary exchange or the precedence conferred on a primary exchange in respect of issuer disclosures has shifted. We continue, however, to advocate that minimum listing standards applicable to all exchanges, as set out in our general comment 6, are necessary and should be provided for in the FMA.	The comments are noted. The FMA falls within the purview of the National Treasury. The proposals that need to be affected in primary legislation must be submitted to the National Treasury when the public consultation process for the review of the FMA goes out for public consultation. The FSCA cannot through consultation on secondary legislation respond to comments in this regard. Any concerns with the application of primary law or consequences thereof must be directed at National Treasury as the policymaker.

No.	Commentator	Comments	FSCA response
283.	JSE	Coherence of the draft Conduct Standard The draft Conduct Standard appears to have been drafted in some instances by importing text from the CPMI-IOSCO Principles for Financial Market Infrastructures ('PFMIs') and other sources without adapting the terminology to the South African regulatory context, where required. The use of undefined terms, or terms not aligned to the terms or definitions provided for in South African legislation, introduces legal uncertainty, confusion and potential misinterpretation that will have a negative impact on the effectiveness and efficiency of the South African markets. Unclear and imprecise subordinate legislation will result in unnecessary and resource intensive legal analysis and engagement. We encourage the FSCA to use clear and precise terminology throughout the draft Conduct Standard that ensures clarity and is relevant in the South African context.	Noted. Please see revised Conduct Standard.
284.	JSE	Clear distinction between cooperation, interoperability and links The draft Conduct Standard has been drafted without taking into account the significant differences between the concepts of cooperation, interoperability and link arrangements, or a clear understanding of the purpose of, and mechanisms used for, interoperability or links, resulting in some vague and flawed definitions and unintelligible provisions. In addition, there is no recognition that exchanges do not, and should not link or interoperate. An exchange, by its very nature and licensed functions, facilitates trading and does not participate in the trading activity on that exchange. Consequently, an exchange (or indeed any other market infrastructure) cannot become an authorised user of another exchange. Other jurisdictions focus on fair competition between trading platforms, in particular by harmonising the organisational requirements among them, and by requiring fair and non-discriminatory access to trading venues and post-trade market infrastructures. No other jurisdiction that we are	Please see responses to the same points raised in the following comments 17, 25, 219.

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		aware of explicitly mandates cooperation among market infrastructures or obliges exchanges (or trading venues) and other market infrastructures to cooperate, interoperate or link. Instead, there is a general approach that requires fair and non-discriminatory access to exchanges and market infrastructures, and creates an environment for voluntary collaboration and interoperability to enable the smooth functioning of the market. The term 'link' is universally understood to mean "a set of contractual and operational arrangements between two or more FMIs that connect the FMIs directly or through an intermediary", as contemplated in the CPMI-IOSCO Principles for Financial Market Infrastructures ('PFMIs'). It must be noted that, in the context of the PFMIs, a FMI (financial market infrastructure) does not include an exchange or trading venue. A link can be further categorised as peer-to-peer links or participant links. Both these categories of links are intended to provide interoperability across the market infrastructures for the benefit of the authorised market participants and their clients. The term 'peer-to-peer link' is generally understood as a link between the same type of market infrastructure (i.e., CCP to CCP or CSD to CSD), and the term 'participant link' is generally understood to mean an arrangement where a market infrastructure becomes an authorised participant of another market infrastructure. [See our general comment 4 on the unlawfulness of a 'participant link'] We note that it is also possible for different types of market infrastructures to enter into a link arrangement (e.g., CCP to CSD) and ideally this type of link arrangement should be specifically defined. However, the FMA would need to be amended to accommodate this type of arrangement. Interoperability is an objective of a link arrangement, and an interoperative arrangement or agreement is not a separate or different type of link or link arrangement or agreement. In the interests of clear and unambiguous subordinate legislation, we strongly recommend that the terms 'interoperative agreement' and 'interoperative arrangement'	

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		are deleted and replaced with 'link agreement', 'link arrangement' or the specific link category agreement or arrangement, where appropriate and applicable. As set out in our comment in respect of paragraph 14, we recommend that the entire paragraph be redrafted to clearly identify the different types of arrangements, distinguishing between link arrangements and cooperation arrangements between market infrastructures, the applicable agreements for those arrangements, and the prescribed provisions to be included those different agreements. In addition, the redraft of paragraph 14 should articulate the status of an appointment by an exchange to appoint a CSD or CCP to clear or settle transactions or both clear and settle transactions on behalf of the exchange in terms of Section 10(2)(i)(ii).	
285.	JSE	Participant links The FMA does not provide for the concept of a market infrastructure being authorised as a market participant of another market infrastructure, i.e. a "participant link" as contemplated in the draft Conduct Standard. The establishment of a 'participant link' between two market infrastructures would conflict with the provisions and the intent of the FMA, and is therefore impermissible. The participant market infrastructure would, by definition, have to be authorised by the host market infrastructure to provide securities services (to its own participants) using the facilities of the host market infrastructure, but it would also be performing the functions of a market infrastructure in respect of its own participants (including regulating those participants), in competition with the host market infrastructure. A market infrastructure cannot be both a market infrastructure (including a regulator) and a securities services provider (regulated by another peer market infrastructure) in respect of the same role. That is an arrangement that could never have been contemplated by the FMA. In addition, in a concentrated market, the likelihood of the two market infrastructures having common market	Please see response to comment 25.

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		participants is high, which would introduce unfair competition and unnecessary complexity, as the participant market infrastructure would be acting as "player and referee". We submit that until and unless the FMA is amended to provide for participant links, all references to 'participant links' in the draft Conduct Standard should be deleted.	
286.	JSE	Various listing scenarios – dual and multiple listings on licensed exchanges The draft Conduct Standard does not adequately address the various listing scenarios that exist or may arise in the South African market. The concepts and the regulatory implications of dual or multiple listings, in a competitive market environment, have not been considered in the draft Conduct Standard, resulting in unclear provisions and requirements that are not implementable. We have set out at a high-level, the various listing scenarios below. An issuer may choose to list its securities on one or more exchange in any international or local market. The term 'primary listing' is generally accepted to mean "in relation to a security listed on more than one exchange, a listing by virtue of which the issuer is, in respect of that security, subject to the full requirements applicable to listing on that exchange", (as defined in the draft Conduct Standard), but that meaning does not infer that listings on other exchanges are always secondary listings, or that the other exchanges should be deemed secondary exchanges. An issuer may choose to be primary listed on two exchanges and therefore subject to the full listing requirements of both exchanges (i.e. dual-primary listing). An issuer that has chosen a secondary listing on an exchange, other than the exchange where the issuer is primary listed, is generally subject to less regulatory requirements than the full requirements of the primary exchange, to avoid duplication of regulatory effort. An exchange may place reliance on the fact that the issuer is subject to the full requirements of the primary exchange's listing requirements and the enforcement thereof.	Please note the application section that confirms that the Conduct standard applies to market infrastructures licensed under the FMA. Also note changes to the definition to clarify that the requirements apply to licenced market infrastructures and licensed exchanges. The definition captures only those securities that are listed on more than one exchange that is licensed in the Republic. Furthermore, the FSCA acknowledges that issuers may hold primary listings on more than one exchange, both locally and internationally. References to "primary exchange" in the draft Conduct Standard has been clarified to recognise dual-primary listings. Equally, exchanges must consider the cumulative obligations when an issuer is primary listed on multiple exchanges, without assuming that all other listings are automatically secondary. We recognise that secondary listings generally have reduced regulatory requirements, with the secondary exchange normally relying on the enforcement by the primary exchange. It is not at this juncture necessary to include the concept of "recognised exchange" for secondary listings. The definition proposed is very subjective and in the absence of substantive requirements applicable to a so-called recognised exchanges the definition would be superfluous. The FSCA notes that in many cases, an issuer may have a primary listing on an international exchange and a secondary listing in South Africa

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		Since exchanges determine their own unique listings requirements and the way those requirements are enforced, it is unlikely that all exchanges' listing requirements are equivalent in respect of primary or secondary listings. It is for this reason that the JSE has adopted an approach to the regulation of secondary listings that requires that an issuer must be listed on a recognised exchange to be admitted as secondary listed on the JSE. A 'recognised exchange' is a primary exchange that the JSE has determined has listing requirements that are largely equivalent to the JSE's primary listing requirements. Currently, the JSE has only approved certain external exchanges as recognised exchanges. An issuer seeking a listing as a secondary listing on the JSE must comply with the full listings requirements of the primary exchange and the entry criteria and all requirements relevant to the application for a secondary listing on the JSE, and must thereafter comply with limited important continuing obligation requirements, including the removal of listing provisions. In the South African market, the majority of securities are primary listed on one licensed exchange and secondary listed on another licensed exchange (in line with the conditions of licencing of the extant licensed exchanges). However, in many instances, an issuer is primary listed on an external exchange and is secondary listed on one or more local licensed exchanges. It is also possible that an issuer may be primary listed on two licensed exchanges. We also refer to our comment on the definition of primary exchange and secondary exchange, which describes a scenario where a secondary listing may be converted to a primary listing, and vice versa, without the election of the issuer. In all these scenarios, the references to the primary exchange or primary listing in the draft Conduct Standard are invalid, and consequently introduce uncertainty and unnecessary complexity.	which means that the primary exchange may be a foreign domiciled exchange. The intention is not to imply that primary listings must be local or that foreign primary listings are automatically secondary. However as is clearly set out in the Application section of the Conduct Standard, in respect of exchanges applicability will be limited to exchanges licenced in SA. A primary listing can be a foreign listing however the Standard is not applicable beyond SA. The Conduct Standard indicates that the obligations for investor protection and reporting will follow the relevant status (primary or secondary) of the listing, regardless of the initial designation. The FSCA recognises that each exchange determines its own listing requirements and enforcement approaches and does not want to assume equivalence between primary and secondary exchanges.
287.	JSE	Minimum listing standards	The comments are noted. Please see response to comment 279.

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		As previously advocated by the JSE, minimum listing standards should be made by all licensed exchanges through their respective listings requirements to counter the proverbial 'race to the bottom'. Minimum listing standards contribute to the protection of investors and provides investors in the South African market with the comfort that they are trading in a fair, efficient and transparent market. We submit that an exchange should have the ability to distinguish itself from other exchanges, including through the regulatory requirements that it sets. However, as all licensed exchanges contribute to South Africa's global reputation as a well-regulated securities market and an attractive investment destination, it is critical that certain minimum listing standards must apply to all the licensed exchanges' respective listings requirements, to ensure that sufficient information is provided to investors to enable them to make an informed investment decision. Such information must, we believe, at least deal with the following – · minimum disclosure requirements for (i) pre-listing statements for new listings, and (ii) circulars (dealing with significant corporate actions, including - disposals and acquisitions); · the basis upon which financial information must be prepared, such as IFRS (interims and annual reports); · the basis upon which competent persons reports must be prepared, such as SAMREC and SAMVAL; · minimum corporate governance requirements, such as King IV; · minimum continuing obligations requirements, such as the timing and publication of financial information (interim and annual reports), announcements (directors' dealings); · the pro-active monitoring of financial information; · requirements regarding the treatment of price sensitive information, cautionary announcements and the associated obligations and timing that relate to the public disclosure of such information, and, in particular, the obligation on issuers to ensure the timely distribution of announcements to investors through all exchanges on which	We acknowledge the JSE's concerns regarding a potential "race to the bottom" in listing requirements. The FSCA recognises that minimum listing standards contribute to investor protection and market integrity. However, as the draft Conduct Standard is targeted at licensed market infrastructures rather than issuers, the FSCA's mandate does not currently extend to prescribing issuer listing requirements. We agree, nonetheless, that these issues are critical to South Africa's capital market reputation and should be considered in the ongoing review of the Financial Markets Act (FMA) by National Treasury. The FSCA agrees that exchanges should retain the ability to differentiate themselves through additional listing or operational requirements. The principle of competitive differentiation is important for fostering innovation and offering varied market propositions. Any minimum standards prescribed in legislation should therefore act as a floor, not a ceiling, allowing exchanges to set higher standards where appropriate. The FSCA recognises the importance of comprehensive disclosure to investors. While the draft Conduct Standard cannot prescribe these requirements for issuers, we support the principle that pre-listing statements and circulars should contain sufficient information to allow investors to make informed decisions. These matters should be addressed in the FMA review to establish a consistent framework for all licensed exchanges. The FSCA acknowledges that financial statements prepared on a consistent and recognised basis, such as IFRS, enhance transparency and comparability for investors. This is a matter best

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		it lists securities (see our specific comment on subparagraph 11(13) of the draft Conduct Standard); and · the obligation on issuers to ensure the timely notification to all exchanges on which they list securities of any suspension or removal of listing on any exchange on which they list securities (see our specific comment on subparagraph 12(3) of the draft Conduct Standard). These minimum listing standards should ideally be provided for in the FMA. We recognise that the FMA does not empower the FSCA to prescribe additional matters that must be included in an exchange's listing requirements in a Conduct Standard, and that this draft Conduct Standard is applicable to market infrastructures and is thus not binding on issuers of listed securities. Therefore, we recommend that the FSCA ensures that these minimum listing standards are provided for in section 11 of the FMA, as part of the review of the FMA currently undertaken by National Treasury and the Authorities.	addressed within the FMA and the listing requirements of exchanges. We recognise that certain sectors (e.g., mining) require specialist reports prepared according to recognised standards such as SAMREC and SAMVAL. Prescribing these as minimum standards falls outside the scope of the draft Conduct Standard but is consistent with investor protection principles that could be incorporated in the FMA. The FSCA supports high standards of corporate governance, which are crucial for investor confidence. While the Conduct Standard cannot impose corporate governance standards on issuers, these matters are suitable for inclusion in the FMA as minimum requirements for exchange listings. The FSCA recognises that timely and transparent reporting by issuers is essential for market integrity. The draft Conduct Standard requires exchanges to have mechanisms in place to monitor compliance with their rules. The specific obligations of issuers, including continuing obligations, would appropriately be codified in listing rules or in the FMA review. The FSCA notes the JSE's comment on timely dissemination of price-sensitive information. While the Conduct Standard cannot directly impose obligations on issuers, it emphasises that exchanges must have robust systems to monitor and facilitate disclosure. Ensuring uniform dissemination across all exchanges aligns with investor protection principles and is a matter that should be formalised in legislation or listing rules. The FSCA agrees that issuers should provide prompt notification to all relevant exchanges in

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			cases of suspension or removal. The Conduct Standard requires exchanges to implement processes to receive and act on such notifications. The FMA review provides an opportunity to formalise these obligations across all listed entities. The FSCA acknowledges that the FMA does not currently empower it to prescribe minimum listing standards through a Conduct Standard. We note the JSE's recommendation that such standards be included in section 11 of the FMA. The FSCA supports this principle and will convey the recommendation to National Treasury and other authorities as part of the ongoing FMA review.
288.	JSE	Suspension of a security by an exchange is not a significant event We refer to our comment on the definition of "significant event" and submit that a suspension of a security by an exchange is a remedy provided for in statute and is not the same as a trading halt. Section 11(1)(a) of the FMA provides that an exchange must make listing requirements which prescribe the manner in which securities may be listed or removed from the list or the trading may be suspended. Section 12 of the FMA deals with the removal of listing and suspension of trading. Section 12(1) provides that an exchange may, subject to the rules and listings requirements of the exchange, remove a security from the list or suspend trading in a listed security, if it will further one or more of the objects of the FMA. Section 12(2) of the FMA provides for the process that an exchange must follow before a suspension of trade in securities. The listings requirements of an exchange must prescribe specific circumstances and events with reference to Section 12(1) of the FMA where a suspension may be necessary. For example, where an issuer does not comply with certain specific ongoing listing requirements timeously, the listing requirements of the exchange should specify that trade in	Do not agree. We are of the view that the regulator needs reporting on both, but for varied reasons, at different levels of intensity and that both could contribute to a significant event as defined. If one considers other jurisdictions for example the SEC requires the suspension of trades to be reported to the SEC and is considered a significant material event and if it is not reported to the SEC in time regulatory action is taken. The SEC is of the view that the suspension of a trade or a security can trigger a significant or material event. We agree with this and prefer that suspension of a security remain part of the definition of a significant event. We confirm that the definition of a "significant event" in the draft Conduct Standard is not intended to categorise the underlying cause or regulatory rationale of an event, but rather to identify events that may have a material impact on market integrity, price formation, liquidity, or investor confidence, and which therefore warrant heightened transparency, coordination, and information sharing between market infrastructures. It is important to note that the

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		securities of the issuer must be suspended to protect investors and further the objects of the FMA. Trading suspensions and trading halts support different objects of the FMA: the purpose of suspending the trading in a security is primarily to protect investors ("promote the protection of regulated persons, clients and investors"), whereas the primary purpose of a trading halt is to protect the integrity of the market ("ensure that the South African financial markets are fair, efficient and transparent"). We strongly recommend that the suspension of the trading in a security should not be included in the definition of a significant event, and the term 'suspension' should not be conflated with the term 'trading halt' throughout the draft Conduct Standard.	Conduct Standard is specifically concerned with market fragmentation, coordination between exchanges, and the orderly functioning of competitive markets. In this context, the suspension of a security on one exchange, particularly where securities are cross-listed or traded by common authorised users, necessitates timely information sharing and coordinated responses to prevent market confusion, regulatory arbitrage, or inconsistent treatment across venues. We do not agree that the inclusion of specific provisions in sections 12(2) to (8) renders the inclusion of "suspension" in the definition redundant. Rather, the definition identifies suspensions as events of regulatory significance; and the subsequent provisions prescribe how information relating to such suspensions must be shared and managed. These provisions are therefore complementary, not duplicative.
289.	JSE	Simultaneous suspension of securities in conflict with the FMA We refer to our comments on the definition of "significant event" and subparagraph 12(2) to (8) relating to the suspension of securities. · In the circumstances where a primary exchange suspends a security and shares this information with a secondary exchange, the secondary exchange is required to enforce its listings requirements pertaining to a suspension and cannot simply follow the primary exchange's suspension decision. The act by a secondary exchange of suspending a security on the basis of a primary exchange's decision would be in breach of the provisions of the FMA and would contradict the secondary exchange's own rules and requirements.	Please see response to comment 193.
290.	JSE	Definition of "significant event" and use of the terms 'business outage' and 'business outages'	Please see response to comment 35.

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		The definition 'significant event' includes the concept of business outage: "any material systems failure, malfunction, delay or other disruptive system incidents; system downtime or breach of cyber security or a related system compromise;" and specifically, "the closure of the market due to a technical outage of the exchange's trading system". Consequently, the references in the draft Conduct Standard to 'significant event or business outage' are redundant. For clarity and consistency purposes, we recommend that the FSCA either - a) provides a definition of 'business outage' which references subparagraphs (a) and (d) of the significant event definition and uses such term appropriately and where necessary in the draft Conduct Standard; or b) deletes the superfluous terms 'business outage' and 'business outages' and, where applicable, replaces those terms with the term 'significant event' throughout the draft Conduct Standard.	
291.	JSE	Alignment of the provisions in the draft Conduct Standard to Notice 2017 We refer to our numerous comments regarding the non-alignment of the provisions in the draft Conduct Standard and the provisions in Notice 2017 (e.g., definition of "significant event" and the notification timing differences). We note further that Notice 2017 requires that market infrastructures provide a post-incident report to the FSCA that includes a root-cause analysis and measures introduced to prevent the occurrence of a similar event in the future. The draft Conduct Standard is silent on this requirement.	Please see response to comment 80 and 255.
292.	JSE	Transfer of listing – in conflict with the FMA The concept of a transfer of listing is not provided for in the FMA. In terms of the FMA, a transfer of a listing is in effect a removal of a listing from the incumbent exchange and an application to another exchange to be included in the list of securities on that exchange. Section 12 of the FMA provides that an exchange may, subject to section 12, the exchange	Please see response to comment 118.

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		rules, and the listings requirements of the exchange, remove securities from the list. Section 12(5) of the FMA, requires shareholder approval for the removal of securities from the list of an exchange where the exchange considers the securities to be eligible for continued inclusion in the list. For such a removal to be affected, the exchange must be satisfied on reasonable grounds that the interests of minority shareholders have been considered. It is with these requirements in mind that the JSE listings requirements stipulate that a fair offer must be made to minority shareholders by the offeror proposing the removal of the issuer, that a circular explaining the rationale for the removal and containing a fairness opinion on the offer must be presented to shareholders, that shareholders must approve a removal resolution and that the offeror must be precluded from the vote. It must be noted that currently, not only primary listed issuers (subject to JSE requirements in full) but also secondary listed issuers (as explained in the JSE context, i.e. having a primary listing on a foreign licensed primary exchange subject only to limited JSE requirements) on the JSE are subject to the removal provisions of the JSE listings requirements and section 12(5) of the FMA. As the proposed transfer of listing provided for in the draft Conduct Standard conflicts with the provisions of the FMA, it is unlawful and incapable of implementation. We strongly recommend that paragraph 10(11) is deleted.	
293.	JSE	Transfer of listing – investor protection The concept of a transfer of listing introduces serious negative consequences for investors and imperils the objects of the Act. Each exchange has unique rules, listings requirements and methods of enforcing those rules and requirements. An issuer seeking a primary listing undertakes to comply with all the listings requirements of the primary exchange (contractual relationship established). Varying levels of regulation are present between exchanges due to the differences in rules, listings requirements and methods of enforcing those rules	Please see response to comment 118.

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		and requirements – this is acknowledged in paragraph 5 of the Statement of Need. This differentiation in level of regulation and listings requirements is an important element that allows exchanges with different objectives to attract different issuers and investors. The differences between exchanges are not limited only to regulation but also to clearing and settlement processes, amongst other key matters that an investor would consider in making an investment and trading decision. Investors understand that differences exist between exchanges and make deliberate decisions regarding the issuers that are acceptable for investment purposes and on which exchange trade should take place. An exchange is entitled to and must have the opportunity to differentiate its requirements from other exchanges, to impose higher standards of regulation if required, and impose specific obligations on issuers for the protection of investors. However, it cannot be assumed that each licensed exchange's listing requirements provide the same level of protection to minority shareholders as the JSE's listing requirements, in respect of a removal event. In the context of a transfer of listing from one primary exchange to another, without compliance with the provisions of the FMA and the rules and requirements of the exchange, the following significant negative implications for investors arise: • Investors who initially chose to invest in a specific issuer based on the regulatory environment of the incumbent exchange will be negatively impacted by the transfer, as they relied on the protections and requirements of the incumbent exchange, which may not be equivalent or find relevance on the transferee primary exchange. • The exchange to which the listing is to be transferred may only provide services to a certain type of investor (e.g. institutional investors, as in the case of A2X) and a retail investor may be denied the right to trade their securities on that exchange. • Due to the variance in rules, listings requirements and related enforcement between exchanges, where an issuer	

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		transfers its listing to another exchange, both investors and the issuer may find themselves subject to a different regulatory framework. This creates confusion for investors and the issuer, and impacts the rights and protections of both parties. • Specific safeguards that are present in the listing requirements of the incumbent primary exchange may include requirements dealing with related party transactions, differing thresholds for transactions requiring shareholder approval and protections for minority shareholders, in the event of a delisting of the issuer. As an example, the JSE has a process of monitoring of financial statements of issuers to ensure compliance with International Financial Reporting Standards, and has specific processes and protocols dealing with the review and approval of transaction-related documentation, assessment of compliance with continuing listing obligations and a dedicated Investigations Unit to deal with any breach of the requirements. The level of regulatory enforcement and effort between exchanges is and will remain different, as it depends on the specific rules, requirements, and processes of the exchange. These differences are the reason why any removal from the list of the exchange requires shareholder approval, amongst other compliance matters, for the removal to take place. • Unwanted regulatory consequences and arbitrage for primary listed issuers may occur, in that a transfer enables an issuer to simply move from one market to the next to avoid regulation that it does not like, or an investigation process that it does not want to be subjected to. Issuers agree to be contractually bound to the requirements of the primary exchange; the proposal gives issuers an exit mechanism to the detriment of investors. Where one exchange has lower removal provisions (exchange A) compared to another exchange which has more onerous removal provisions (exchange B), an issuer may transfer its listing from exchange B to exchange A with the intention of avoiding the more onerous removal provisions, and then ultimately propose a voluntary removal from exchange A, complying with the lesser removal provisions. This type of avoidance clearly contradicts	

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		the objects of the FMA and would be the opposite of considering the interests of minority shareholders as envisaged by the FMA. A similar scenario could be that of an issuer transferring its listing from exchange B to exchange A to avoid more stringent regulatory enforcement or requirements, where exchange B has stricter listings requirements and enforcement measures compared to exchange A. • Investors consider not only the ability to trade but also the wider benefits and protections offered by an exchange, which include its settlement cycles, processes, and regulatory frameworks. A transfer of listing may alter these factors significantly, and therefore the very clear and specific safeguards provided in the FMA, rules and requirements of the exchange on removals must be applied to safeguard investors. It is necessary that investors and shareholders are provided a comprehensive understanding of the differences between exchanges to understand how a transfer of listing will impact the investments they have made; • Without compliance with the exchange rules, listings requirements, and the provisions of the FMA relating to a removal of listing (proposed transfer per the draft Conduct Standard), investors would be forced to accept a different level of regulation compared to that which they understood, and which formed the basis of their investment decision. This would be negative for both local and international investors and would be contrary to the objectives of the FMA, in particular fairness, increasing confidence, promoting protection, and promoting international competitiveness. A transfer without adherence to section 12 of the FMA has the potential for significant harm for investors who made intentional investment decisions based on the incumbent exchange's rules and protections. We reiterate our recommendation that subparagraph 10(11) be deleted.	
294.	NPWS	Consequences for authorised users and retails clients	The Standard clearly delineates which provisions apply generally, and which apply to an exchange environment with common authorised users and common listed securities. Entities must ensure that

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		The draft hardly, if at all, discusses how this change may affect authorised users and retail clients. What consequences may one expect?	the comply with the regulatory obligations that have been placed on them.
295.	NPWS	Implementation Support Providing support and guidance to non-common authorized users during the implementation phase is crucial to ensure they can meet the new requirements without excessive strain on their operations and not bring any value.	The FCSA will monitor post implementation trends once the Standard comes into effect. Furthermore, any party is able to approach the FSCA in respect of the regulatory instruments that have been issued at any point in time.
296.	NPWS	Tailored Compliance Needs Non-common authorized users and those operating in a single market infrastructure will need to tailor their compliance strategies specifically to the requirements of the Conduct Standard which does not even applies to their specific market. This might be more headache compared to entities operating across multiple infrastructures.	The Standard clearly delineates which provisions apply generally, and which apply to an exchange environment with common authorised users and common listed securities. Entities must ensure that the comply with the regulatory obligations that have been placed on them.
297.	NPWS	Different Business Strategies These authorised users will benefit from dealing with a single regulatory framework rather than multiple, however, it will be a headache for the infrastructures that will have a relationship with many more infrastructures that operate or have a different business strategies and focus compared to the primary infrastructure. This will mean they will have to tailor rules and operations to accommodate all players.	The Conduct Standard is entity agnostic – it is not expected to result in an overhaul of existing market practices. It is unreasonable to expect the Conduct Standard to conform to individual entity's system given that it is a regulatory instrument of general application.
298.	NPWS	Resource Constraints Smaller authorized users might struggle with the financial and operational burden of complying with the new standards, potentially impacting their ability to operate efficiently.	The concern is noted. The FSCA will take this into consideration as part of the transitional arrangements and the effective date of the conduct standard. It is acknowledged that changes may be necessary, but this will be mitigated through longer transitional periods to phase in necessary changes The FSCA. will monitor post implementation trends once the Conduct Standard has been made effective.
299.	NPWS	Limited Flexibility	The Standard is entity agnostic – it is not expected to result in an overhaul of existing market practices. It is unreasonable to expect the Conduct Standard

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		Single market operators may find it harder to adapt if the Conduct Standard requires significant changes that are not easily implemented within the constraints of their existing infrastructure and resources.	to conform to individual entity's system given that it is a regulatory instrument of general application.
300.	NPWS	Market Disruptions Initial implementation phases might lead to market disruptions, particularly if these users are not adequately prepared for the changes, affecting their ability to serve clients effectively.	The FSCA will ensure that a reasonable amount of time is afforded to the public prior to making the Conduct Standard effective. A rigorous consultation process has been followed in developing the Conduct Standard, and the FSCA will monitor post implementation trends once the Standard has been made effective.
301.	NPWS	Phased Approach in Years A phased implementation approach might be beneficial, allowing smaller users to gradually adapt to the new standards, reducing the risk of immediate operational disruptions.	Please see response to comment 269.
302.	NPWS	Training and Education Employees will need to be trained on the new standards, which can be resource-intensive specially to smaller brokers and non-common authorised users.	The comment is noted. The training of staff on the Conduct Standard will be necessary to ensure that the Standard is familiarised across the relevant sections of the business. Please see response to comment 297 above regarding transitional periods to be afforded to allow for the orderly transition to compliance with the Conduct Standard.
303.	SAIS	1. **Regulatory Mismatch**: • **Legal Conflicts**: Other countries' codes of conduct may not align with South Africa's existing legal and regulatory framework, leading to conflicts and legal challenges. • **Compliance Issues**: Imported codes may not meet South African regulatory requirements, resulting in non-compliance and potential penalties. 2. **Economic Context**: • **Inapplicability**: Financial market conditions, economic structures, and priorities in South	Please see response to same comment by commentator in comment 1.

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		Africa may differ significantly from those in other countries, making certain provisions ineffective or irrelevant. • **Sector Specificity**: The financial market infrastructure in South Africa might have unique features that are not addressed by codes from other countries. 3. **Cultural Differences**: • **Corporate Culture**: Business practices and corporate governance norms vary across countries. A code of conduct that works well in one cultural context may not be suitable in South Africa. • **Stakeholder Expectations**: The expectations and behaviors of stakeholders, including regulators, market participants, and the public, can differ, potentially leading to misalignment and resistance. 4. **Operational Challenges**: • **Implementation Difficulties**: Adopting a foreign code without proper adaptation may result in operational inefficiencies, confusion, and difficulties in enforcement. • **Training and Education**: Staff and market participants may require extensive training to understand and comply with the new code, increasing implementation costs and time. 5. **Risk Management**: • **Inadequate Risk Coverage**: Foreign codes may not adequately address the specific risks faced by South African FMIs, leaving gaps in risk management. • **Overregulation**: Conversely, the code may impose unnecessary or overly stringent requirements that are not justified by the local risk environment, leading to inefficiencies.	Please see response to same comment by commentator in comment 1.

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		6. **Stakeholder Resistance**: • **Lack of Buy-In**: Stakeholders may resist the adoption of a foreign code if they feel it does not consider local realities or if they were not involved in its development. • **Credibility Issues**: A code perceived as externally imposed may lack credibility and legitimacy, reducing its effectiveness. 7. **Innovation Stifling**: • **Hindering Local Innovation**: Imported codes might not encourage or might even hinder local financial innovations that are better suited to South Africa's market needs and conditions. • **Lack of Customization**: A one-size-fits-all approach may prevent the development of customized solutions that address local market intricacies and challenges. 8. **Economic and Political Factors**: • **Macroeconomic Conditions**: South Africa's economic conditions, such as growth rates, inflation, and market dynamics, can differ significantly from those in other countries, requiring tailored regulatory responses. • **Political Environment**: The political landscape and policy priorities in South Africa may influence the suitability and effectiveness of foreign codes. While international best practices can provide valuable guidance, it is crucial to adapt them to the local context when developing a code of conduct for FMIs in South Africa**.** **This adaptation should involve thorough analysis, stakeholder consultation, and customization to ensure the code is relevant, effective, and enforceable within the South African financial market framework.**	Please see response to same comment by commentator in comment 1.

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			Please see response to same comment by commentator in comment 1.
304.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Consequences for Authorised Users and retails clients The draft hardly, if at all, discusses how this change may affect Authorised Users and retail clients. What consequences may one expect?	Please see response to comment 291.
305.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Implementation Support Providing support and guidance to non-common authorized users during the implementation phase is crucial to ensure they can meet the new requirements without excessive strain on their operations and not bring any value.	Please see response to comment 292.
306.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK	Please see response to comment 293.

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		Tailored Compliance Needs Non-common authorized users and those operating in a single market infrastructure will need to tailor their compliance strategies specifically to the requirements of the Conduct Standard which does not even applies to their specific market. This might be more headache compared to entities operating across multiple infrastructures.	
307.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Different Business Strategies These authorised users will benefit from dealing with a single regulatory framework rather than multiple, however, it will be a headache for the infrastructures that will have a relationship with many more infrastructures that operate or have a different business strategies and focus compared to the primary infrastructure. This will mean they will have to tailor rules and operations to accommodate all players.	Please see response to comment 294.
308.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Resource Constraints Smaller authorized users might struggle with the financial and operational burden of complying with the Conduct Standard, potentially impacting their ability to operate efficiently.	Please see response to comment 295.
309.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Limited Flexibility Single market operators may find it harder to adapt if the Conduct Standard requires significant changes that are not easily implemented within the constraints of their existing infrastructure and resources.	Please see response to comment 296.
310.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Market Disruptions	Please see response to comment 297.

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		Initial implementation phases might lead to market disruptions, particularly if these users are not adequately prepared for the changes, affecting their ability to serve clients effectively.	
311.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Phased Approach in Years A phased implementation approach might be beneficial, allowing smaller users to gradually adapt to the new Conduct Standard, reducing the risk of immediate operational disruptions.	Please see response to comment 298.
312.	SAIS	ADDITONAL DIRECT GENERAL MEMBER FEEDBACK Training and Education Employees will need to be trained on the new Conduct Standard, which can be resource-intensive specially to smaller brokers and non-common authorised users.	Please see response to comment 299.