



M E R J

**MERJ DEPOSITORY AND REGISTRY LIMITED
SECURITIES FACILITY RULES**

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DEFINITIONS

In these Rules, unless otherwise stated or the context requires otherwise, any expression which denotes any gender includes the other genders and the singular includes the plural and vice versa.

TERM	MEANING
“Act”	means the Seychelles Securities Act, 2007 as may be amended and any regulation prescribed by the Minister responsible for finance or the Securities Authority ;
“account”	means an account representing eligible assets deposited or otherwise maintained in electronic form pursuant to these Rules ;
“MERJ Clear Limited” or “MERJ Clear”	means MERJ Clearing and Settlement Limited, with registration number 8411028-1, a company incorporated in the Republic of Seychelles and licensed under the Act as a clearing agency ;
“authorised representative”	means a person appointed by a Participant who is responsible for sending and receiving communications on behalf of the Participant ;
“authenticated instruction”	means any instruction sent by a Participant to the Securities Facility ;
“authorising instruction”	means a separate written instruction given by a client to a Participant in respect of every entry to be affected by the Participant on behalf of the client in that Participant’s account ;
“business day”	means any day, except for Saturday and Sunday, a public holiday within the meaning of the Public Holidays Act 1976 and excluding any other day on which the Securities Facility is closed;
“clearing agency”	means a “clearing agency” as defined in the Act ;
“client”	means any person that uses the service of a Participant ;
“Companies Act”	means the Companies Ordinance, 1972 of the Republic of Seychelles or any subsequent revision thereof, or in the case of a designated market , any equivalent legislation of that recognised jurisdiction ;
“Controlling Body”	means the board of directors of the Securities Facility ;

“corporate actions”	means actions authorised by the issuer of a listed security which have an impact on the valuation of that security ;
“custody”	means the safekeeping of eligible assets by a nominee or Participant;
“Distributed Ledger Technology” or “DLT”	means a database system in which information is recorded, consensually shared, and synchronised across a network of multiple nodes;
“DLT Assets”	means <ul style="list-style-type: none"> a) a virtual token; b) a virtual financial asset; c) electronic money; or d) any other instruments that is intrinsically dependent on, or utilises, Distributed Ledger Technology;
“dematerialise” “dematerialised”	or means the process of replacing and converting physical records or certificates so that all evidence of ownership exists in electronic form ;
“director”	means a director or alternate director as defined in the Companies Act or any equivalent legislation in the country of incorporation ;
“deposited asset”	means an eligible asset entered into the Depository Register ;
“depositor”	means the person in whose name the deposited asset is entered in the Depository Register ;
“Depository Register”	means a register maintained in electronic form on behalf of an issuer for which depository services are provided by the Securities Facility , which contains required information about the owners of deposited assets and the number of deposited assets held by them;
“depository services”	means services provided in terms of these Rules relating to the handling of deposited assets ;
“designated market”	means a Seychelles Securities Exchange or recognized overseas securities exchange as prescribed in and pursuant to the Act ;
“Disciplinary Committee”	means the committee appointed by the Securities Facility to enforce disciplinary procedures according to these Rules ;

“electronic form”	means any information, document or correspondence generated, sent, received or stored in any computer storage media such as magnetic, optical, computer memory or other similar devices or one or more electronic networks or databases (including one or more distributed electronic networks or databases), provided that the records of such information or correspondence so kept can be converted into clearly legible paper form within a reasonable time;
“electronic money”	means “electronic money” as defined in the Financial Institutions Act,2004;
“eligible assets”	means securities and DLT assets that meet the following criteria and any additional criteria that may be laid down by a directive: <ul style="list-style-type: none"> a) capable of being delivered by electronic means and in respect of which all requisite approvals being provided where necessary. b) capable of being held on a fungible basis; c) are not subject to being distinguished by a number; d) are not subject to any restrictions on foreign ownership, unless otherwise agreed to by the Securities Facility; and e) are not subject to any restrictions on transferability, unless otherwise agreed to by the Securities Facility;
“entry”	includes the recording in electronic form of any deposit, withdrawal, transfer, attachment, pledge, cession to secure a debt or other transaction in respect of eligible assets ;
“Executive Committee”	means the committee appointed to manage the day-to-day affairs of the Securities Facility ;
“fees” and “levies”	means the fees or levies published by the Securities Facility in writing from time to time to Participants ;
“funds”	means banknotes and coins, scriptural money , electronic money and includes virtual financial assets ;
“Head of Compliance”	means the person who manages and directs the compliance function of the Securities Facility ;
“ISIN” or “international securities identification number”	means a unique code assigned to any security by a member of the Association of National Numbering Agencies (ANNA);
“incorporated”	means the process of formation and registration of a company in terms of company or self-enabling legislation either in the

	Republic of Seychelles or within the country of origin for foreign companies;
“in writing”	means, in relation to anything which, in terms of the Act and these Rules must be done in writing and includes any such correspondence done in electronic form ;
“issuer”	means “issuer” as defined in the Act ;
“Managing Director”	means the person appointed by the Controlling Body of the Securities Facility as the Managing Director who manages the day-to-day affairs of the Securities Facility ;
“market charge”	means a charge, whether fixed or floating, granted in favour of a clearing agency over property, specified in Part 4, Section 22, subsection (2) of the Act , held by or deposited with the clearing agency , to secure liabilities arising directly with the clearing agency facilitating the settlement of a market;
“market collateral”	means property, specified in Part 4, Section 22 subsection (1) and (2) of the Act , held by or deposited with a clearing agency to secure liabilities arising directly with the clearing agency facilitating the settlement of market contact ;
“market contract”	means “market contract” as defined in the Act ;
“Minister”	means “the Minister” as defined in the Act ;
“nominee” or “nominee company”	means the registered holder of eligible assets or of an interest in eligible assets , on behalf of other persons in terms of Section 62 of the Act and these Rules ;
“notice” or “notification”	means a general announcement published by the Securities Facility in printed or electronic form to its Participants ;
“off-exchange”	means a transfer of registered owner in the Ownership Register arising out of an operation of law as allowed for by the securities exchange in relation to the securities ;
“Ownership Register”	means a register maintained in electronic form on behalf of an issuer for which registry services are provided by the Securities Facility , which contains required information about the registered owners of eligible assets and the number of eligible assets held by them;
“Participant”	means a person who has entered into an agreement with the Securities Facility relating to the provision of depository

	services or registry services , as the case may be, in accordance with these Rules ;
“person”	means an individual, corporation, partnership, association, trust or other entity as the context admits or permits;
“pre-validated trade”	means a trade that is validated by MERJ Clear or any other clearing agency prior to execution in order for the Securities Facility to provide real time settlement services for eligible assets in terms of these Rules ;
“recognized jurisdiction”	means “recognized jurisdiction” as defined in the Act ;
“recognized overseas securities exchange”	means “recognized overseas securities exchange” as defined in the Act ;
“record date”	means the predetermined date on which the ownership of an eligible asset is recorded for the purpose of distributing funds , property or other rights to the registered owner of the eligible assets ;
“registered owner” or “registered ownership”	means the person in whose name eligible assets are entered in the Ownership Register . The registered owner must be a natural or juristic person and in respect of: <ul style="list-style-type: none"> a) joint ownership the registered owner shall be the person appointed by the joint owners in whose name their joint ownership is to be held; or b) a trust, the registered owner shall be the trustee in whose name the ownership of the trust is to be held;
“registry services”	means registry services provided in terms of these Rules in respect of the management and administration of eligible assets ;
“re-materialize” or rematerialized	means the conversion of an eligible asset recorded in electronic form to a physical representation through the issuance of a physical certificate or record;
“reporting date”	means the predetermined periodic date on which a Participant statement is generated;
“scriptural money”	means money held by a bank in electronic or other non-cash forms, as opposed to money stored as numbers on paper on a digital system and actual banknotes and coins;
“securities”	means “securities” as defined in the Act ;
“Securities Authority”	means the Seychelles Financial Services Authority;

“securities exchange” or “exchange”	means “securities exchange” as defined in the Act ;
the Securities Facility	means MERJ Depository and Registry Limited, with registration number 8411029-1 a company incorporated in the Republic of Seychelles and licensed under the Act as a Securities Facility ;
“securities services”	facility means the services offered by a Securities Facility as set out in section 41(1) of the Act ;
“service provider”	means any person who provides a service to the Securities Facility or a Participant ;
“settlement”, “settle” or “settled”	means the settlement of transactions in accordance with the settlement service ;
“settlement service”	means the service offered by the Securities Facility where the Securities Facility , in accordance with these Rules , updates the Ownership Register to assign property rights to the registered owner over the eligible asset as recorded in the Ownership Register ;
“the Rules” or “these Rules” or “Rule”	means these Rules of the Securities Facility as approved by the Securities Authority ; and includes any subsequent directives as may be issued by the Securities Facility ;
“trade” or “transaction”	means a trade or an off-market trade recognised as such on the relevant securities exchange in respect of which the services are provided by the Securities Facility in terms of these Rules ;
“virtual financial asset”	means any form of digital medium recordation that is used as a digital medium of exchange, unit of account, or store of value and that is not - (a) electronic money ; (b) a security ; or (c) a virtual token ;
“virtual token”	means a form of digital medium recordation that has no utility, value or application outside of the Distributed Ledger Technology platform on which it was issued and may only be redeemed for funds on such platform directly by the issuer of such asset, provided that electronic money shall be excluded from this definition.

SECTION 1

GENERAL PROVISIONS OF THE RULES

1.1. Legal status of the Securities Facility

The Securities Facility is a legal entity with limited liability, registered and **incorporated** in terms of the **Companies Act** of the Republic of Seychelles; and

1.2. Domicilium Address

The Registered Office and Physical Address of MERJ Depository and Registry Limited:

**F28
1st Floor
Eden Plaza
Eden Island
Republic of Seychelles**

The Securities Facility domicilium citandi et executandi is its registered address stated above.

Status of the Rules and the Directives

- a) **These Rules** govern the operations of **the Securities Facility**;
- b) In the event of any conflict:
 - i. between the **Act** and **these Rules**, the **Act** shall prevail;
 - ii. between **these Rules** and any Directive, **these Rules** shall prevail; or
 - iii. between **these Rules** and any other rules of another **Securities Facility, clearing agency or securities exchange**, **these Rules** shall prevail; and
 - iv. between **these Rules** and any other rules of a **designated market**, **these Rules** shall prevail.
- c) **These Rules** shall be binding on:
 - i. **the Securities Facility** and its **Participants**; and
 - ii. the officers and employees of **the Securities Facility** and its **Participants**.

1.3. Amendments to the Rules or Directives

- a) A **Participant** (hereinafter referred to as “the applicant”) may lodge a written proposal to **the Securities Facility** in respect of amendments to the existing set of **Rules** or **Directives**.
- b) The **Executive Committee** shall acknowledge receipt of the proposal, **in writing**, to the applicant within 20 (twenty) **business days** of receipt of the proposal for the amendment.
- c) Thereafter the **Executive Committee** shall consider the proposed amendment within a further period of 20 (twenty) **business days** and may:
 - i. request further information **in writing** from the applicant and upon receipt thereof consider the proposed amendment fully within a further period of 30 (thirty) **business days** and thereafter deal with the proposed amendment in terms of **Rule 1.4 (c) (ii)** or **1.4 (c) (iii)** as the case may be; or
 - ii. reject the proposal and provide reasons for the rejection **in writing** to the applicant; or;
 - iii. in the event that the **Executive Committee** considers the proposed amendment to be one which will enhance and/or improve the business efficiency and/or operations of **the Securities Facility**, it may submit the proposed amendment together with a recommendation by the **Executive Committee** to the **Controlling Body** for consideration in which case the **Controlling Body** may;
 - a) if the proposed amendment to **these Rules** or **Directives** is accepted and approved by the **Controlling Body**, submit the proposed amendment to the **Securities Authority** in terms of the **Act** for approval, accompanied by an explanation of the reasons for the proposed amendment; or
 - b) reject the proposal and provide reasons for the rejection **in writing**.
- d) **The Securities Facility** shall issue a **notice** detailing any changes to **these Rules**.
- e) If the **Executive Committee** and/or the **Controlling Body** reject a proposed amendment, then this decision will be final.
- f) For the avoidance of doubt, **the Securities Facility** shall be entitled to amend **these Rules**, in its sole and absolute discretion, subject to paragraph g) below.
- g) Any proposed amendments to **the Rules** require the final approval by the **Securities Authority**.

1.4. Directives

For the purposes of giving effect to **these Rules**, to achieve all things that are necessary for, incidental or conducive to the proper operation of its business and fulfilling its functions, responsibilities and duties **the Securities Facility**, may issue Directives in terms of the **Act** and **these Rules** provided such Directives are not inconsistent with the **Act**. Any Directives that are specifically referred to in **these Rules**, include any subsequent amendment or replacement of such Directives from time to time.

1.5. Notices

- a) For the purpose of issuing **notices** to **Participants**, every **Participant** must notify **the Securities Facility** of its business address, postal address, and electronic mail address or other electronic address as prescribed, to which a **notice** issued by **the Securities Facility** may be delivered, whether in **electronic form** or otherwise, in accordance with **these Rules**.
- b) A **notice** issued by **the Securities Facility** must be **in writing**.
- c) A **notice in writing** is deemed to have been received on the date of transmission, unless proved to the contrary by the **Participant**.

SECTION 2

FUNCTIONS AND DUTIES OF THE SECURITIES FACILITY

2.1. General

- a) **The Securities Facility** may provide **registry services** and/or **depository services** relating to **eligible assets** in accordance with **these Rules**.
- b) **These Rules** prescribe the rights and obligations of **Participants** and all requisite matters in relation to the provision by **the Securities Facility** of its **registry services** and **depository services**.
- c) **The Securities Facility** shall keep a list of **eligible assets**.
- d) **The Securities Facility** may designate that an asset is no longer an **eligible asset** upon giving **notice** of such change in designation to its **Participant** and the **Securities Authority**.
- e) **The Securities Facility** shall enforce **these Rules** and any decision taken by committees established hereunder.

2.2. Registry Services

The Securities Facility may provide **registry services** to an **issuer**, as a **Participant**, for an **eligible asset** if the **issuer** has executed the agreement prescribed by **the Securities Facility** in respect of the provision of such **registry services**.

Eligible assets for which **registry services** are provided shall be recorded and maintained in the **Ownership Register**.

- a) Notwithstanding that any asset is designated as an **eligible asset**, **the Securities Facility** may refuse to accept entries into the **Ownership Register** upon giving reasons **in writing** for such refusal or designation to its **Participants**, as applicable and the **Securities Authority**.
- b) The procedures for dematerializing and rematerializing **eligible assets** are prescribed by Directive 1 (see Directive – **Dematerialization** and **Rematerialization** Procedures).

2.3. Ownership Register

Where **the Securities Facility** is providing **registry services** it shall maintain records of the ownership of the respective **eligible asset** and any changes thereto in the **Ownership Register**.

- a) The **Ownership Register** to be maintained by **the Securities Facility** shall be kept in **electronic form** in accordance with provisions as may be stipulated in a directive to **these Rules**.
- b) An **issuer**, as a **Participant**, must ensure that its record of the ownership of the **eligible assets** being presented to **the Securities Facility** is correct. The **issuer** is responsible for any defect in ownership or number of **eligible assets** presented by it to **the Securities Facility**.
- c) The reported owners by the **issuer** shall be regarded as the **registered owner** in respect of all the **eligible assets** credited to the **Ownership Register** maintained by **the Securities Facility** and **the Securities Facility** shall be under no obligation to recognize, even where having **notice** thereof, the interest of any other **person** in the **eligible assets**.
- d) After a **trade**, the **clearing agency** shall instruct **the Securities Facility** for **the Securities Facility** to update the **Ownership Register** accordingly.
- e) In the event of any **off-exchange transaction**, **the Securities Facility** may update the **Ownership Register** provided that **the Securities Facility** is satisfied that the relevant documents presented to it is in order and in accordance with any provisions as may be specified in a directive and in accordance with any rules or directives, if any, of the **securities exchange**.
- f) Where **the Securities Facility** updates the **Ownership Register**, it shall, in accordance with the terms of the agreement entered into with the **Issuer**, notify the **Issuer** of any updates made to the **Ownership Register** of that **Issuer's eligible assets**.
- g) When new **eligible assets** are to be issued, they must be recorded in the **Ownership Register** before the appointed clearing agencies can permit trading, clearing and **settlement** of those new **eligible assets**.

2.4. Depository Services:

The **Securities Facility** may provide **depository services** to a **Participant** for **eligible assets** if the **Participant** and the **Securities Facility** have executed the agreement prescribed by the **Securities Facility** in respect of the provision of such **depository services**.

- a) **Eligible assets** for which **depository services** are provided shall be recorded and maintained in the **Depository Register** and in accordance to provisions as may be stipulated in a directive.
- b) The procedures for depositing and withdrawing **eligible assets** are prescribed by Directive (see Directive – Withdrawal and Deposit Procedures).

2.5. Operation of accounts maintained in the Depository Register

- a) **The Securities Facility** shall maintain one or more **accounts** in the **Depository Register** for each **Participant** reflecting the amounts held for each **Participant** on behalf of their **clients** or on their own behalf, as applicable, in relation to **deposited assets**.
- b) **The Securities Facility** shall deem and treat the **person** on behalf of whom, in accordance with an **authenticated instruction**, the deposit is to be recorded as the Depositor and **the Securities Facility** shall not be bound or compelled in any way to recognize the interest of any other **person** in respect of the **deposited asset** or any part thereof, even when having **notice** thereof. For the purposes of **these Rules**, 'interest' includes, without limitation, any beneficial or equitable interests that such **persons** may have in the **deposited assets**.
- c) **Accounts** will be debited or credited with **eligible assets** by **the Securities Facility** pursuant to an **authenticated instruction**.
- d) **The Securities Facility** shall not mortgage, charge, hypothecate, pledge or deposit as collateral the **deposited assets** unless instructed to by the **Participant** per rule 2.6.
- e) **The Securities Facility** shall have the right to segregate the **deposited assets** into different balances in an **account** and such balances will be categorized by **the Securities Facility**. **Deposited assets** in the balance designated by **the Securities Facility** as the "free balance" may be freely transferred or sold by **Participants** upon instruction from their **clients**. **Deposited assets** in any other balance are subject to such conditions as may be determined by **the Securities Facility** and may not be freely transferable.



- f) After a **transaction** of an eligible security is reported to **the Securities Facility** by a **clearing agency**, **the Securities Facility** shall affect **settlement** and advise the **clearing agency**, via the clearing and **settlement** system operated by a **clearing agency** or through such method of notification as determined by **the Securities Facility** from time to time.

2.6. Recording of a market charge against deposited assets

- a) Where a **Participant** instructs **the Securities Facility** that a **market charge** be registered to secure a debt in an **account**, **the Securities Facility** must:
 - i. in accordance with **these Rules** and the **Act**, prevent the **eligible assets** from being transferred from the **account**, except with the written consent of the pledgee or cessionary;
 - ii. in its statements to its **Participants** indicate which **eligible assets** have been pledged or ceded and specify the nominal amount or number of such **eligible assets**; and
- b) The **Participants** must also send a statement to the **person** to whom the **eligible assets** are pledged or ceded a statement evidencing the existence of the pledge or cession to secure a debt.
- c) **The Securities Facility** shall be entitled to rely and act upon instructions of a **Participant** in dealing with **accounts** maintained for it and may assume that the **Participant** has been duly authorized to give such instructions, notwithstanding any **notice** to the contrary.

2.7. Corporate Actions

- a) **Issuers**, as **Participants**, are responsible for advising **the Securities Facility** of any changes required to the **Ownership Register** as the result of a **corporate action** and **the Securities Facility** will update the **Ownership Register** accordingly.
- b) **The Securities Facility** shall assist its **Participants** in the administration of **corporate actions** by providing its **Participants** with the details of the **registered owners** as at the **record date** for the purpose of such **corporate action**.

2.8. Lender of last resort

- a) If a **Participant** or **client** is unable to meet its financial obligations and this inability will result in the failing of a **trade** or financial loss to the counterparty of the **trade**, through no fault on the part of the counterparty, **the Securities Facility** may, in its sole discretion, decide to act as a lender of last resort.

- b) Either a **securities exchange** or a **clearing agency** may request that **the Securities Facility** act as the lender of last resort and **the Securities Facility** shall review each case individually, at its discretion, regarding whether or not to act as lender of last resort.

2.9. Service providers

- a) **The Securities Facility** may appoint agents and **service providers**, including and without limitation, depositories, sub-custodians and custodians to –
- i. safe-keep **eligible assets**;
 - ii. provide platforms or systems designed to support the provision of **securities facility services** pursuant to **these Rules**; and
 - iii. delegate to any such **person** the exercise of its rights, powers and discretions and/or the performance of any of its functions or obligations under **these Rules** and the **Participants** consent to such delegation.
- b) **The Securities Facility** shall use reasonable care in selecting and appointing agents, **service providers** and in selecting and utilising platforms or systems.

If **the Securities Facility** delegates its functions in respect of **eligible assets** issued by an **issuer**, as a **Participant**, domiciled in a foreign country, **the Securities Facility** shall have no responsibility in respect of the performance or non-performance of the obligations delegated to such **service provider**, provided that **the Securities Facility** has taken reasonable care in the appointment of such **service provider**.

SECTION 3

DUTIES AND CONDUCT OF PARTICIPANTS IN RELATION TO DEPOSITORY SERVICES

3.1. General Duties

- a) **Participants** must reconcile balances on the relevant **accounts** with **the Securities Facility** on a daily basis and any differences that cannot be reconciled within 24 hours must immediately be:
 - i. reported to **the Securities Facility**; and
 - ii. investigated by **the Securities Facility** and corrected by **the Securities Facility** of the or the **Participant** as applicable pursuant to the findings of the investigation.
- b) Any information in terms of the **Act** and **the Rules** may be retained or disseminated in **electronic form** or any other manner. If information is retained in **electronic form**, such records must be subject to back-up and recovery procedures.
- c) A **Participant** must, upon request of **the Securities Facility**, disclose to **the Securities Facility** any information required by **the Securities Facility** to fulfil its obligations as required under the **Act**
- d) **Participants** must have adequate resources and functionality to ensure that **clients** are able to contact the **Participants** easily and timeously.

3.2. Undertakings of Participants

The **Participant** undertakes to **the Securities Facility** that it shall:

- a) unless otherwise agreed with its **client**, provide the **client** with relevant information which may from time to time be issued in respect of **eligible assets**;
- b) furnish to each **client** such information as **the Securities Facility** shall specifically direct, promptly after receipt of such direction from **the Securities Facility**.

3.3. Registration of Authorised Representative

- a) Every **issuer** that is a **Participant** shall have an **authorised representative** who shall:
 - i. be appointed by the **Participant**, provided that such appointment is confirmed **in writing** by the **Securities Facility**;
 - ii. be responsible for all communications between the **Participant** and the **Securities Facility**, in that the **authorised representative** shall accept all communications from the **Securities Facility** on behalf of the **Participant** and send all communications from the **Participant** to the **Securities Facility**;
 - iii. at all times, be registered with the **Securities Facility** as the **authorised representative** of the relevant **Participant**; and
- b) Where the **authorised representative** is an individual, the **issuer** can appoint an agent to act on the **authorised representative's** behalf during any period of his absence.

3.4. Disclosure to clients

- a) When a **Participant** renders a service to a **client**, representations made, and information provided by the **Participant** to a **client** must;
 - i. be factually correct;
 - ii. be provided in plain language, avoid uncertainty or confusion and not be misleading;
 - iii. be adequate and appropriate, taking into account the factually established or reasonably assumed level of knowledge of the **client**;
 - iv. be provided timeously to afford the **client** reasonably sufficient time to make an informed decision about the proposed **transaction**;
 - v. if the **client** so requests, be confirmed **in writing** within a reasonable time after such request or may otherwise be provided orally;
 - vi. if provided **in writing** or by means of standard forms, be in a clear and readable print size, spacing and format;
 - vii. where such information includes amounts, sums, values, charges, **fees**, remuneration or monetary obligations, be reflected in specific monetary terms provided that where any such amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation must be adequately described; and

- viii. not be duplicated or repeated to the same **client**, unless material or significant changes affecting that **client** occur, or the relevant service renders it necessary, in which case a disclosure of the changes to the **client** must be made without delay.

b) A **Participant** must:

- i. disclose full and accurate information about the **fees** and any other charges that may be levied on **clients**;
- ii. not disclose any confidential information acquired or obtained from a **client** or the **registered owner**, unless the written consent of the **client** or the **registered owner** has been obtained beforehand or disclosure of the information is required to further the objects of the **Act** or is required under any law;
- iii. act promptly on and in accordance with the **authorising instructions** of a **client**, and exercise any discretion in a reasonable manner;
- iv. advise the **client** in advance of any restrictions or limitations that may affect the access of that **client** to his **funds** or **eligible assets**;
- v. provide a general explanation of the nature and material terms and risks of a relevant **transaction** to a **client**, so as to enable him to make an informed decision; and
- vi. disclose to the **client** the existence of any conflict of interest, whether direct or indirect, in the relevant service, or of any circumstance which gives rise to an actual or potential conflict of interest, whether direct or indirect, in relation to such service, and take all reasonable steps to ensure fair treatment of the **client**.

3.5. Record-Keeping

- a) A **Participant** must have appropriate procedures and systems in place to store and retrieve, in a manner approved by **the Securities Facility**, a record of all:
 - i. **authenticated instructions** and authorising instructions relating to **securities facility services**; and
 - ii. documentation relating to the contractual arrangement between the **Participant** and the **client**
- b) Records may be kept in **electronic form** and **Participants** need not keep the records themselves but must be capable of making such records available for inspection within 7 (seven) days.

- c) A record referred to in 3.5 (b) (i) must be kept for a period of at least 6 (six) months after the instruction has been given.
- d) A record referred to in 3.5 (b) (ii) must be kept for a period of at least 7 (seven) years after the contractual relationship between the **Participant** and the **client** has been terminated.

3.6. Bookkeeping and separation of funds and assets

- a) A **Participant** must provide for:
 - i. the separation and identification of the assets of a **client** and the assets of the **Participant**; and
 - ii. the proper accounting for the assets of each **client**.
- b) A **Participant** may not utilise the assets of a **client** to finance its business activities.

3.7. Client transaction records

- a) **Participants transaction** records must contain such information as is reasonably necessary to enable each **client** to:
 - i. produce a set of financial statements;
 - ii. determine the composition of the **eligible assets** comprising the portfolio held by the **client** and the changes thereto over the reporting period, if applicable; and
 - iii. provide the **client** with the information necessary for them to review the operation of their **account**.
- b) A **Participant's transaction** records must contain at least the following information:
 - i. the quantity, description and **ISIN**, if applicable of each **eligible asset** comprising the portfolio held by the **client** or for which the **Participant** is accountable to the **client** at **reporting date**;
 - ii. non-cash **transactions** during the reporting period which the **transaction** records relate to, including non-cash components of **corporate actions**;
 - iii. **eligible assets** transferred into and out of the **account** during the reporting period to which the **transaction** record reflects;
 - iv. identification of those **eligible assets** which at the **reporting date** were loaned to any third party but for which the **Participant** is still accountable to the **client**;

- v. the quantity and description of any **eligible assets** held as collateral by the **Participant** on behalf of the **client** in respect of any loans made by the **client**;
- vi. identification of those **eligible assets** which at the **reporting date** were utilised to secure loans to the **Participant** or borrowings made on behalf of the **Participant**; and
- vii. identification of those **eligible assets** which at the **reporting date** were utilised as margin in respect of open positions in any **eligible asset**.

3.8. Internal Control and Risk Management

- a) A **Participant** shall employ the resources, procedures and technological systems necessary for the effective conduct of its business.
- b) The system of internal controls employed by the **Participant** shall be designed to ensure that:
 - i. the relevant business can be carried out in an orderly and efficient manner;
 - ii. financial and other information used or provided by the **Participant** is complete and accurate;
 - iii. all **transactions** and financial commitments entered into by the **Participant** are truly and correctly recorded and are within the scope of authority of the **Participant** or the officer or employee acting on behalf of the **Participant**;
 - iv. there are adequate procedures to safeguard the assets of the **Participant** and the assets belonging to any other **person** for which the **Participant** is accountable;
 - v. there are adequate procedures to control liabilities; and
 - vi. there are adequate measures to minimize, insofar as is practical, the risk of loss to the **Participant** or the **client** from any irregularity, fraud or error and to detect any irregularity, fraud or error should they occur so that prompt remedial action may be taken by the **Participant**.
- c) A **Participant** shall as far as is reasonable adopt sound risk management principles and procedures.
- d) The **Participant** shall take the necessary steps to monitor and enforce compliance with such procedures, principles, measures and policies referred to in **Rule 3.8**.

3.9. Inspections

- a) **The Securities Facility** may inspect the affairs of a **Participant**, its officers, employees or any **person** involved in the provision of **securities facility services** at any time and any documentation held on their behalf by third parties. The **Participant** shall provide **the Securities Facility** with all such access and information as may be required by **the Securities Facility** for the purpose of performing such inspection.
- b) Where an inspection has been carried out, **the Securities Facility** shall provide to the **Securities Authority** a report detailing the outcome of all such visits.

3.10. Guarantees and Insurance Cover

A **Participant** must to the extent required by **the Securities Facility**, maintain appropriate guarantees or professional indemnity or fidelity insurance cover to mitigate the risks inherent in the business of the **Participant** and shall provide **the Securities Facility** with proof thereon, on request.

3.11. Waiver of Rights

A **Participant** may not request or induce in any manner a **client** to waive any right or benefit conferred on the **client** by or in terms of **these Rules**, or recognise, accept or act on any such waiver by the **client**, and any such waiver is void.

3.12. Fees and Expenses

- a) **Participants** shall disclose to their **clients** the **fees** that they may charge for their services and **transactions**.
- b) **Participants** may charge a different fee for different categories of **transactions**.

3.13. Resignation of a Participant

In the event that any **Participant** ceases to provide **custody** and related services to a **client** pursuant to **these Rules**, the **Participant** shall, as soon as possible:

- a) give written **notice** of its resignation to its **clients**; and
- b) prior to the effective date of its resignation, transfer the deposited **eligible assets** of its **clients** to such other **accounts** indicated by the **clients**.

SECTION 4

COMPLIANCE AND REGULATORY FRAMEWORK

4.1. Objects of the Regulatory Framework

The chief objective of the **Head of Compliance** is to:

- a) ensure that the deposit with **the Securities Facility** of **eligible assets** is conducted in an orderly, fair, efficient and transparent manner in line with the **Act** and **these Rules**;
- b) give effect to the surveillance of any matter relevant to the **Act** and **these Rules**;
- c) monitor compliance by **the Securities Facility** and its **Participants** with the obligations in terms of the Anti-Money Laundering **Act**, 2006 (as amended) of the Republic of Seychelles; and
- d) supervise that **Participants** comply with any other relevant legislation referred to in the **Act**.

4.2. Compliance

- a) The **Head of Compliance** will implement systems and procedures to monitor compliance in terms of the **Act** and **these Rules**.
- b) The **Head of Compliance** will implement surveillance procedures to detect irregularities in **securities facility services** and any conduct that may involve abuse in terms of the **Act** and **these Rules**.

4.3. Powers, duties and procedures for enforcement

The **Head of Compliance** or his delegate will have the following powers:

- c) to call for any documentation and / or records which it may require from any **person** that is subject to **these Rules**, including the **directors**, employees or agents of any **person** that is subject to **these Rules**;
- a) to access the premises and / or records of any **person** that is subject to **these Rules**, including the premises and/or records of the **directors**, employees or agents of any **person** that is subject to **these Rules**; and

- b) to refer any of its findings (including evidence gathered) to the **Disciplinary Committee** in terms of Section 6 of **these Rules**.

4.4. Co-operation with the Securities Authority and other applicable Regulatory Organisations

The **Head of Compliance** or his delegate shall:

- a) be responsible for **the Securities Facility's** communications with the **Securities Authority**;
- b) report to the **Securities Authority** any breaches arising from disorderly **securities facility services** that arise or may arise in terms of the **Act** and **these Rules**;
- c) assist the **Securities Authority** and any other competent authority with any investigation of any breach of the **Act** and **the Rules** or of any other regulatory requirements **the Securities Facility** is subject to;

4.5. Confidentiality

The Securities Facility shall treat as confidential any information received from a **Participant** in respect of **eligible assets** when a **transaction** is under investigation except where:

- a) the information is publicly available;
- b) disclosure is required in accordance with applicable law or by a regulatory authority having jurisdiction over **the Securities Facility**;
- c) disclosure is expressly permitted by law and the **Act**;
- d) disclosure is required by **these Rules**; or
- e) authority has been granted **in writing** by the **Participant** and where appropriate the **client**.

SECTION 5

COMPLAINTS AND DISPUTE RESOLUTION

5.1. Definitions

For the purposes of this section, the following terms shall have the following meanings:

- a) “Complainant” means the **person** that lodges the Complaint;
- b) “Complaint” means a complaint by a **person** that is subject to **these Rules**, relating to any agreement with, or a service or product of, a Defendant in which it is alleged that the Complainant has suffered or is likely to suffer financial prejudice or damage as a result of the Defendants actions or inaction:
 - i. having contravened or failed to comply with a provision of any agreement, law or code of conduct subscribed to by the Defendant;
 - ii. having willfully or negligently supplied, or failed to supply, an **eligible asset**,
 - iii. service or a product to the Complainant;
 - iv. having treated the party unreasonably or inequitably; or
 - v. having mis-administered the implementation of an agreement for the supply of services in terms of **these Rules**; and
- c) “Defendant” means the **Participant** in relation to **depository services** that is the subject of the Complaint;

5.2. Internal Complaints Resolution Process

- a) **Participants** shall implement and maintain internal procedures approved by **the Securities Facility**, hereinafter referred to as the “internal complaint resolution process” for dealing with any complaints.
- b) Where the internal complaint resolution process fails to resolve the Complaint to the satisfaction of the Complainant, the Complainant may institute the dispute reporting protocol subject to the requirements of **Rule** being met.

5.3. Internal complaint resolution procedures

The internal procedures to address Complaints shall at a minimum consist of the following:

- a) having the systems in place to record and investigate all **client** Complaints;
- b) written or oral Complaints must be dealt with timeously;
- c) the employee responsible for the resolution of Complaints must have the necessary authority to resolve Complaints;
- d) a notification procedure must be in place for the **client**; and
- e) any recurring or systematic problems must be remedied.

5.4. Disputes

Disputes are categorized and defined as:

- a) unresolved Complaints where the financial loss is greater than \$1,500 (one thousand five hundred US Dollars) or equivalent in a different currency between the Complainant and the Defendant; or
- b) a decision or action of **the Securities Facility** which excludes any decision or action relating to a dispute brought under **Rule 5.4(a)**.

5.5. Composition of the Dispute Resolution Body

- a) The dispute resolution body established by **the Securities Facility** for the purpose of this **Rule** shall comprise not less than 3 (three) **persons** and shall be appointed by the **Executive Committee**.
- b) The following **persons** shall not be eligible for appointment to the Dispute Resolution Body:
 - i. an employee of **the Securities Facility**, unless required in terms of any statute and **these Rules**;
 - ii. **Controlling Body** members, and such **Controlling Body** members may also not be present at a hearing, unless he is party to the hearing.

- c) Members of the Dispute Resolution Body shall not have any conflict or potential conflict of interest in respect of any matter before the Dispute Resolution Body. A conflicted member shall not participate in the proceedings of the Dispute Resolution Body in respect of which he holds a conflict or potential conflict of interest.
- d) **The Securities Facility** may co-opt a **person** or appoint a **person** to replace a member who is not able to participate in any dispute resolution body procedures due to illness, conflict of interest or absence for any other reason.

5.6. Dispute Resolution Body Procedures

- a) All procedures for disputes will be handled in terms of **Rule 5.4 to 5.6**;
- b) All disputes must be presented **in writing** to the **Head of Compliance**;
- c) A matter that is the subject of existing litigation cannot be submitted for dispute resolution in terms of this **Rule 5**
- d) The **Head of Compliance** will confirm receipt of the complaint **in writing**.
- e) The Complainant shall deliver a written memorandum to the **Head of Compliance** with a clear and concise summary of the matter in dispute as well as the redress sought, and the **Head of Compliance** shall also circulate this to the other party within 7 (seven) **business days**.
- f) The Defendant shall then have 7 (seven) **business days** to file a written statement containing its summary of the matter in dispute, which shall again be forwarded to the **Head of Compliance** and the Complainant within 7 (seven) **business days**.
- g) The Dispute Resolution Body may request all parties involved in the complaint to provide copies of additional relevant documentation and correspondence required to review the dispute as it deems necessary.
- h) The Dispute Resolution Body will investigate the complaint and attempt to facilitate a resolution within 15 (fifteen) **business days** and issue a recommendation **notice** to the parties.
- i) Where a complainant or defendant is dissatisfied with the recommendation, it must inform the **Head of Compliance in writing** within 5 (five) **business days** of the receipt of the recommendation **notice** and upon receipt thereof, the complaint shall be dealt with by **the Securities Facility** pursuant to and in accordance with the following dispute resolution process as detailed below. The parties shall receive a **notice** from the **Head of Compliance** in this regard.

- j) The **Executive Committee** reserves the right to refer the matter to the **Disciplinary Committee** at any time after the complaint has been received **in writing** from the complainant.
- k) Nothing contained in **these Rules** shall be interpreted as subjugating any obligations between **Participants of the Securities Facility** and **the Securities Facility** and all parties to the complaint shall comply promptly and fully with all such obligations notwithstanding the fact that a complaint is submitted under **these Rules**.
- l) The outcome of all complaints, including those of the Dispute Appeals Body will be forwarded to the **Securities Authority**.
- m) All costs associated with the hearing of the dispute before the Dispute Resolution Body relating to venue, recording, refreshments, transcribing and any independent arbitrator shall be borne in equal proportions by the parties respectively.
- n) For the purposes of achieving fairness between the parties, the Dispute Resolution Body shall in its sole discretion be entitled to make an award against the losing party to pay the legal costs that the successful party has incurred in addition to the proportionate costs due by the successful party in terms of Requirement 5.6 (m) above.

5.7. Dispute Appeal Body (DAB)

- a) If a recommendation **notice** issued by the dispute resolution body is not accepted by a party to the dispute, such party may submit all relevant documentation to the Chair**person** of the Dispute Resolution Body within 5 (five) **business days** of receipt of the **notice** in terms of **Rule 5.6(i)**.

The Chair**person** of the Dispute Resolution Body shall notify both parties to the dispute of the referral to the DAB and request each party to inform the DAB as to their respective legal representatives, within 10 (ten) **business days**.
- b) The DAB shall be chaired by **Head of Compliance** or his nominee and two other **persons** to be appointed by the **Executive Committee**.
- c) If either or both of the parties to the dispute fail to reply in terms of **Rule 5.6(c)** above, such party or both as the case may be, will be deemed not to have a legal representative and be deemed to act on their own behalf.
- d) The DAB shall have the following powers:
 - i. to notify the parties or their legal representatives of the time and location of the meeting;

- ii. to resolve a dispute through mediation, conciliation, recommendation or determination;
 - iii. to act independently in resolving a dispute or in making a determination;
 - iv. to follow informal, fair and cost-effective procedures;
 - v. to, where appropriate, apply principles of equity in resolving a Complaint;
 - vi. to report to the **Securities Authority** and to a body representative of the relevant category of financial institutions on matters that may be of interest to them;
 - vii. in making any determination, to provide for the effective enforcement of the determination in his discretion;
 - viii. allocate **settlement** costs as appropriate including costs arising out of this dispute;
- e) in exercising the above powers, the DAB must ensure that the questions, concerns and disputes of the parties are treated equitably and consistently in a timely, efficient and courteous manner.

SECTION 6

DISCIPLINARY ACTIONS AND SANCTIONS

6.1. General Powers of the Disciplinary committee

- a) The **Disciplinary Committee** derives its powers from its appointment by the **Executive Committee** inter alia, to oversee and direct all disciplinary matters relating to **these Rules**.
- b) Disciplinary actions and sanctions shall be **administered** by the **Disciplinary Committee** or any **person** to whom it has delegated its powers. The purpose of any disciplinary actions or sanctions imposed under this section are to facilitate and promote a well-regulated and orderly market as well as deter any actions that may increase systemic risk in the market. The powers and functions of the **Disciplinary Committee** as it relates to **these Rules** include the following:
 - i. The **Disciplinary Committee** may investigate and take disciplinary action at any time against a **Participant** (which in this section for the purposes of disciplinary proceedings shall be a **Participant** in relation to **depository services** and shall include its **directors**, officers or employees) who contravene or fail to comply with **these Rules** and any directives hereto.
 - ii. The **Disciplinary Committee** may suspend or restrict the depository **Participant's** activities as they relate to the services being provided by **the Securities Facility** on an interim basis when a matter is under investigation.
 - iii. The **Disciplinary Committee** has the power to receive, consider and deal with any referrals to it.
- c) Any disciplinary action brought against a **Participant** by the **Disciplinary Committee** will be brought to the attention of the **Executive Committee** and **Securities Authority** and a report on the disciplinary proceedings shall be furnished to the **Securities Authority in writing** within 30 (thirty) days after the completion of the disciplinary proceedings.

6.2. Co-operation of Participants

- a) **Participants** must co-operate with the **Disciplinary Committee** in regard to any investigation pertaining to the contravention or non-compliance with **these Rules**.
- b) The **Disciplinary Committee** may require a **Participant** to disclose information or produce documents and evidence relevant to the suspected breach of **these Rules**, whether in the **Participant's** possession or in the **custody** of any other party.
- c) The **Disciplinary Committee** may prescribe the format required for the purpose of investigating compliance with **these Rules**.
- d) The level of co-operation afforded by the **Participant** will be taken into account upon the sanctioning of the **Participant**.

6.3. Investigation protocol

- a) The **Disciplinary Committee** may appoint an official, who may be an employee of the **Securities Facility**, to inspect the affairs of a **Participant**, or any **director**, officer or employee of a **Participant**, to ascertain whether the affairs of the **Participant** comply with **these Rules**.
- b) **The Securities Facility** shall have the right to:
 - i. gain access to the premises of any **Participant**;
 - ii. have access to any records, recordings, documents, or any information required to complete the investigation or to make copies of or take extracts of documents and information, including electronic documents and recordings;
 - iii. question any **director**, officer, or employee or agent of the **Participant**; and
 - iv. request information from any third parties providing services to **the Securities Facility** or its **Participants**.
- c) On completion of an inspection, a report shall be submitted by the **Disciplinary Committee** to the **Executive Committee**.

6.4. Burden of proof

The burden of proof in respect of the allegation against a **person** subject to **these Rules** rests solely with **the Securities Facility**. The **Disciplinary Committee** shall not find an allegation proven, unless it is satisfied on a balance of probabilities on consideration of the evidence that the **Participant** has contravened or not complied with **these Rules**.

6.5. Composition of the Disciplinary Committee

- a) The **Disciplinary Committee** shall not comprise less than 3 (three) **persons** and shall be appointed by the **Executive Committee**.
- b) The following **persons** shall not be eligible for appointment as a member of the **Disciplinary Committee**:
 - i. an employee of **the Securities Facility** who may not be appointed or co-opted unless required in terms of any statute and **these Rules**; and
 - ii. **Controlling Body** members may not be entitled to serve on the **Disciplinary Committee** or be present at a hearing, unless such member of the **Controlling Body** is party to the hearing.
- c) Members of the **Disciplinary Committee** shall not have any conflict or potential conflict of interest in respect of any matter before it. A conflicted member shall not participate in the proceedings of the **Disciplinary Committee** in respect of which he holds a conflict or potential conflict.
- d) **The Securities Facility** may co-opt a **person** or appoint a **person** to replace a member who is not able to participate in any **Disciplinary Committee** procedures due to illness, conflict of interest or absence for any other reason.

6.6. Disciplinary Committee protocol

- a) The **Disciplinary Committee** may vary any of its procedures to adapt to the circumstance of any particular alleged contravention or non-compliance of **these Rules**.
- b) The **Disciplinary Committee** shall:
 - i. consider any contraventions by a **Participant** in respect of a breach of **these Rules**;
 - ii. consider the contravention tabled in respect of the breach;
 - iii. consider the charge tabled against a **Participant** in respect of the breach; and
 - iv. consider its responsibilities in respect of any allegation that the integrity and reputation of **the Securities Facility** has been or may be impaired as a result of the conduct of the **Participant** involved.
- c) The **Disciplinary Committee** shall produce a disciplinary report including:
 - i. the nature of the disciplinary proceeding;
 - ii. the facts referred to it;
 - iii. the investigations undertaken by it; and
 - iv. any other relevant facts that it has ascertained in contemplation of the hearing to be held in terms of 6.7 a) to j).

6.7. The hearing

- a) The hearing of the **Disciplinary Committee** shall commence within 20 (twenty) **business days** after the completion of the initial disciplinary report.
- b) Parties involved in the disciplinary investigation will be given **notice** of the time and place of a hearing.
- c) A representative of the **Participant** concerned must be present at the hearing.
- d) Disciplinary hearings will be conducted in private.
- e) The Defendant is entitled to legal representation at its own cost.

- f) Evidence admitted from the Defendant may be oral or written.
- g) Any party to a disciplinary hearing may submit evidence to the **Disciplinary Committee** at any time up until 10 (ten) days before the hearing.
- h) The **Disciplinary Committee** may in the interest of fairness and transparency require any **director**, officer or employee of the Defendant and/or other parties involved in the investigation to appear before the **Disciplinary Committee**.
- i) The Defendant may appear in **person** or be legally represented at any pre- hearing review or hearing and shall be entitled to:
 - i. be heard in argument;
 - ii. give evidence in their own defense; and
 - iii. give evidence in mitigation.
- j) At a hearing, **the Securities Facility** may take into account information obtained by the **Securities Authority**.
- k) The **Disciplinary Committee** may grant consent order in respect of any **settlement** negotiated between **the Securities Facility** and the Defendant either prior to the start or before the conclusion of the hearing in relation to any disciplinary outcome on **the Securities Facility**.

6.8. Sanctions

- a) Where the Defendant has been found guilty of a contravention or non-compliance in terms of **these Rules**, the **Disciplinary Committee** may:
- i. issue a warning or reprimand **notice in writing** to a **Participant**;
 - ii. temporarily suspend the **Participant** for a period not exceeding 6 (six) months;
 - iii. issue a cease and desist order;
 - iv. terminate the registration of the **Participant**;
 - v. direct the **Participant** to terminate the **director** and/or the employment of an officer or employee found to be party to the contravention or non-compliance;
 - vi. require a **Participant** to cancel the registration of the employee found to be party to the contravention or non-compliance;
 - vii. issue an order directing restitution to any injured **person**;
 - viii. require a **Participant** that is the subject of an investigation or a hearing as a result of a contravention or failure to comply with **these Rules**, to pay the costs incurred of such investigation or hearing;
 - ix. require the **Participant** to take steps and give **in writing** an undertaking or any other remedy to prevent the recurrence of the contravention or non-compliance that has given rise to the disciplinary proceeding;
 - x. in urgent cases, such as criminal activity, refer the matter immediately to the **Executive Committee**, who may suspend the **Participant** for such period as the **Executive Committee** deems necessary; or
 - xi. at any stage refer the matter to the **Executive Committee**, which may in its sole discretion publish by way of a **notice** or announcement to other **Participants** the outcome of any disciplinary hearing.
- b) Where a **Participant** is aggrieved with the outcome of the disciplinary hearing and/or the sanction imposed, the **Participant** may appeal against the outcome and/or sanction imposed to the Disciplinary Appeal Committee within 14 (fourteen) **business days** by filing with the Chair**person** of the **Disciplinary Committee** a **notice** of the intention to appeal, setting out the grounds upon which the appeal is founded.

- c) The Disciplinary Appeal Committee shall convene the appeal hearing within 30 (thirty) **business days** of the **notice** of appeal being filed and notify the parties to the hearing of the date and time of the appeal hearing.
- d) In the appeal hearing, the appeal shall be limited to the evidence that was adduced in the disciplinary hearing and no new evidence shall be permitted.
- e) The parties to the appeal hearing shall be entitled to be legally represented and may make submissions orally or **in writing**, which shall be limited to the evidence that was adduced in the disciplinary hearing.
- f) The Disciplinary Appeal Committee shall be constituted by 3 (three) **persons** nominated by the Chair**person** of the **Disciplinary Committee** who were not members of the **Disciplinary Committee** that is subject to the appeal.
- g) The level of co-operation afforded by the **Participant** will be taken into account upon the sanctioning of the **Participant**.
- h) **The Securities Facility** may, upon the imposition of any sanctions contemplated in this section, publish the sanctions by **notice** or other means at the discretion of **the Securities Facility**.

SECTION 7

FEES AND LEVIES

- a) In terms of **these Rules** and the **Act**, **the Securities Facility** may charge **fees** and **levies** to **Participants** for services rendered by **the Securities Facility** in terms of **these Rules**.
- b) The **fees** and **levies** may be varied from time to time at the discretion of **the Securities Facility**. **The Securities Facility** may from time to time issue a **notice** in respect of any change in **fees** and **levies**, provided that such **fees** and **levies** shall only take effect no less than 20 (twenty) **business days** from the date of such announcement.
- c) Fees and **levies** shall be paid within 30 (thirty) days from the date on which **the Securities Facility** calls on payment thereof.
- d) If a **Participant** fails to make payment of any **fees** and **levies**, **the Securities Facility** shall issue the **Participant** with 5 (five) days' **notice** to make such payment, failing which **the Securities Facility** shall be entitled on written **notice** to the **Participant** to suspend or terminate, whether fully or partially, the services rendered to the **Participant** in terms of **these Rules**.
- e) Any amount not paid on the due date thereof shall accrue interest at one percent (1%) per month subject to applicable laws.

SECTION 8

LIMITATION OF LIABILITY

- a) Save in the case of the gross negligence or willful default or breach, **the Securities Facility**, its **directors**, officers and employees shall not be liable to any **person**, whether a **Participant** or **client**, for any loss, liability, damage, expense, costs or claim suffered or incurred arising out of or in connection with –
- i. the provision of the services of **the Securities Facility** in terms of **these Rules**;
 - ii. any act, right, obligation or matter arising from **these Rules**; and
 - iii. any **transactions**.
- b) To the fullest extent permitted by law, each **Participant** or **client**, as the case may be, irrevocably agrees to indemnify and hold **the Securities Facility**, its **directors**, officers, employees ("Indemnified Parties") and to keep the Indemnified Parties indemnified and held harmless, from and against all claims and losses arising out of or in connection with any claim made or instituted against any of the Indemnified Parties by any third party, where such claim arises in relation to, or as a result of any matter which liability is excluded in terms of paragraph a above.

