

STANDARD Online Share Trading - Operated by SBG Securities Proprietary Limited
THE SOUTH AFRICAN FUTURES EXCHANGE AND INTEREST RATE AND CURRENCY MARKET-
Version 8

CLIENT AGREEMENT (“**AGREEMENT**”)

between

the Client as defined in the Standard Online Share Trading Mandate (“**Client**”)

and

SBG Securities Proprietary Limited, Registration No. 1972/008305/07 (“**Member**”)

PART A – General Conditions (Applicable to Exchange Contracts)

1 Interpretation

- 1.1 In this Agreement, unless otherwise clearly indicated by, or inconsistent with, the context -
- 1.1.1 the words and expressions used in this agreement bear the same meaning as are assigned to them in the Derivative Rules and/or the Interest Rate and Currency Rules of the JSE (collectively “**the Rules**”);
 - 1.1.2 in the event of conflict between the Rules and the provisions of this Agreement the provisions of the Rules shall prevail;
 - 1.1.3 “**clause**” means a separate numbered provision of this Agreement; and
 - 1.1.4 this Agreement is to be read in conjunction with the SBG Securities Proprietary Limited Standard Online Share Trading mandate (“**Mandate**”) and the online terms and conditions (“**Terms and Conditions**”) displayed on the Standard Online Share Trading website (“**Site**”).
- 1.2 The Rules shall apply *mutatis mutandis* to this Agreement as if incorporated herein.

2 Definitions

“**Act**” means the Financial Markets Act of 2012 (as amended from time to time);

“**available trading funds**” means the sum of the cash balance and the daily P&L amount, as displayed in the Client’s account on the Site;

“**Business Day**” means any day other than a Saturday, Sunday or public holiday in the Republic of South Africa and on which the JSE Limited is open for trading;

“**Clearing House**” means SAFEX Clearing Company Proprietary Limited or any other body corporate or unincorporated association or department of the JSE Limited designated by the JSE Limited as such and recognised by the Registrar of Financial Markets as a Clearing House in terms of the Act;

“close out” means the cancellation of a position in one direction with an equal and opposite position (e.g. a long position in exchange contract is cancelled by a short position in the same exchange contract or by way of any other method as deemed fit by the Member;

“corporate event” means any action by an issuer of an underlying instrument affecting the holder’s entitlement to the benefits relating to that underlying instrument. This includes, but is not limited to, takeovers, capital reductions, rights issues, share conversions, scrip dividends and share redemptions;

“daily P&L amount” means, at any time in the day, the sum of the Client’s profits and losses on all the Client’s positions;

“financial instrument” or “instrument” means a futures contract or an options contract or a loan stock or any other instrument declared by the Registrar by notice the Government Gazette to be a financial instrument;

“long position” means a number of derivatives exchange contracts registered by the Clearing House in the name of a Client in terms of which –

- (a) in relation to futures contracts, the Client is obliged to take delivery of the underlying instrument from the seller at the agreed price on the future date; or to pay an amount of money to the seller if, on the future date, the price or value of the underlying instrument is less than the agreed price; or
- (b) in relation to option contracts, the Member or Client has the right to buy or sell the underlying instrument of the option contract at the agreed price on or before the future date;

“position” means either a long or a short position;

“parties” means the Client and the Member;

“rolled / rollover” means the simultaneous close out of a position in an instrument and the opening of a new position with a later dated expiry date in the same instrument;

“short position” means a number of derivatives exchange contracts registered by the Clearing House in the name of a Client in terms of which –

- (a) in relation to futures contracts, the Client is obliged to make delivery of the underlying instrument at the agreed price on the future date or to pay an amount of money if, on the future date, the price or value of the underlying instrument is greater than the agreed price; or
- (b) in relation to option contracts, the derivatives Member or Client has granted the right to another person to buy or sell the underlying instrument of the option contract at the agreed price on or before the future date;

“underlying instrument” means the corporeal or incorporeal thing, asset, index as referred to in the definition of **“securities”** in Section 1 of the Act, currency, rate of interest or any other factor which is

the subject matter of a futures contract or an option contract, or the futures contract that is the subject matter of an option contract; and

“**value available before auto close out**” means the sum of the available trading funds and the additional margin amount as described in clause 12 to which is added the initial margin amount being withheld on unmatched orders.

3 **Rules binding**

The Client accepts this Agreement electronically, in accordance with the Electronic Communications and Transactions Act, as provided for at the end hereof and acknowledges and confirms that he or she has read and understood and shall be bound by the Rules.

4 **Appointment- Non-discretionary**

The Client appoints the Member and the Member accepts the appointment to trade in instruments listed by the JSE Limited without discretion and only in response to an order from the Client.

5 **Conditions precedent**

This Agreement shall be of no force and effect until the Client has accepted the Mandate and Terms and Conditions prior to being authorised to trade *via* the Site. This Agreement shall be of no force and effect until the Client has been registered on the Site and registered by the Clearing House in terms of the Rules and if applicable has paid any amount to be invested in terms of this Agreement.

6 **Risk acknowledgement**

- 6.1 The Client acknowledges that he or she has read the Risk Disclosure Statement attached hereto as Annexure A and fully understands the contents thereof;
- 6.2 he or she understands that a counterparty, with whom the Client may trade, determines its prices at its sole discretion;
- 6.3 he or she understands that the identity of the counterparty is not known and will accordingly not be disclosed when trading on market;
- 6.4 he or she understands the manner in which instruments are priced and that factors that influence prices, such as but not limited to, securities borrowing rates, interest rates, ordinary dividends, special dividends, capital reductions, unbundlings, corporate events and commissions may change without notice, thus affecting the price of an instrument; and
- 6.5 he or she understands that certain corporate events, such as but not limited to, capital reductions, special dividends, unbundlings, share splits and share consolidations may affect the quantity of the positions held by a Client subsequent to the corporate event and that the JSE Limited has the sole discretion as to the calculation of such adjustments.

PART B – Applicable to Exchange Contracts

7 **Type of exchange contracts**

An exchange contract comprises either a derivative exchange futures or options contract.

8 Expiry of exchange contracts

- 8.1 From 2 (two) Business Days prior to the expiry date of an instrument the Member may offer Clients the functionality to rollover their positions. Such option to rollover shall only be available if published on the Site.
- 8.2 All open positions of the Client shall be:
- (i) rolled into the next dated contract of the same underlying instrument (being the default option); unless the Client has made the relevant election set out below or has informed the Member in accordance with clause 8.4, subject to the conditions in clauses 8.4(ii) – (iv) and 8.5; or
 - (ii) closed out by the Member as elected by the Client on the Site; or
 - (iii) allowed to expire, subject to the conditions set out in clauses 8.4 and 8.5.
- 8.3 The Member shall have sole discretion as to the price and time at which the transactions in clause 8.2 (i) and (ii) are concluded.
- 8.4 In the event that a Client holds a long position at the close of business on the expiry date of an instrument, the Member will only take delivery of the underlying instruments on behalf of the Client if:
- (i) the Client has informed the Member of such intention, and
 - (ii) the Member has agreed to take delivery of the underlying instrument; and
 - (iii) the Client has sufficient funds available in the trading account by 12:00pm, 2 (two) Business Days prior to the expiry date to cover the cost of such underlying instrument; and
 - (iv) the contract specifications of the instrument allow for delivery of the underlying instrument.
- 8.5 The Member shall not make delivery of the underlying instrument in the event that the Client holds a short position at the close of business on the expiry date of an instrument. The procedure in clause 8.2(i) or (ii) shall then apply.
- 8.6 Any profits or losses and costs incurred on the Client's account by actions of the Member in terms of clause 8 and 9 shall be for the account of the Client.

PART C - terms and conditions applicable to exchange contracts

9 Automatic close out

- 9.1 Notwithstanding any other provision some or all of a Client's positions may be closed out by the Member at any stage during the trading day, in accordance with clauses 9.2, 9.3 and 9.4, if the value available before auto close out is negative.

- 9.2 Automatic close out will close out a sufficient quantity of positions in an instrument(s) held in the portfolio so as to ensure that the value of the available trading funds is no longer negative.
- 9.3 The order in which instrument(s) will be closed out will be based on which instrument has incurred the highest percentage loss relative to its underlying exposure.
- 9.4 Automatic close out will only occur at any time between 9.10am and 16.50pm on any Business Day.
- 9.5 Any unmatched orders as placed by the Client will be cancelled at the end of the Business Day.

10 **Stop loss**

- 10.1 The Member may execute advance instructions in the market, at the market price, after 8:35am up to 17:25pm on the JSE Limited. The advance order/instruction will be executed or cancelled when the price or percentage stipulated by the Client is traded in the market. The Member will not be liable for any difference in price or percentage between the time that the advance instruction is matched and executed.
- 10.2 The Client will be able to change, cancel and ascertain the status of all his advance instructions on the Site.
- 10.3 To the extent that the Client's position changes after an advance instruction has been placed by the Client, such advance instruction is not automatically cancelled and the Client acknowledges that it is his obligation to amend the advance instruction accordingly and accordingly the Member shall not be liable for any advance instruction that it is not executed as a result of such change. In the event that such advance instruction is to terminate any position it shall not be executed in the event that the resultant position after implementation of such instruction will cross the zero threshold (as applicable). In the event that such advance instruction is to conclude any further positions it shall only apply to the quantity as the time the advance instruction was established.
- 10.4 The Member may notify the Client by e-mail in the event that an advance order has failed or has not been executed for any reason, however the Member shall not be liable for any losses, costs or damage that may arise should such notification not be sent by the Member.

11 **Obligations of Member**

- 11.1 The Member –
 - 11.1.1 shall endeavour, but shall not be obliged, to confirm to the Client that any instruction has been executed and shall not be responsible for any accidental delay or inaccuracy in the execution of the Client's instructions;
 - 11.1.2 may report to the Client in writing or electronic mail (“e-mail”) or short message service (“sms”) whenever a trade is done and such report may include details of the

exchange contract or IRC Securities (as defined in the Interest Rate and Currency Rules), the price, the number of exchange contracts or IRC Securities, the time of the instruction to trade, the time at which the trade was done and whether the trade had the effect of opening, closing, increasing or decreasing a position, the fees and commission payable and other details relevant to the trade; and

11.1.3 shall maintain the trading and position records and report to the Client as required by Derivative Rule 10.20 and Interest Rate and Currency Rule 10.20, and shall take all reasonable steps to provide the Client with any information that the Client requires relating to the positions of the Client. The Client may monitor his or her trades on the Site.

12 **Margin and withdrawals from Client's account**

12.1 The Member is authorised to withdraw from the Client's account referred to in Derivative Rule 11.40 or Interest Rate and Currency Rule 10.70 such amounts as are required from time to time to settle any amounts due in the course of opening, closing or maintaining any positions on behalf of the Client and to effect such other payments as are necessary in the operation of the Client's account.

12.2 In terms of Derivative Rule 8.60.3.2 or Interest Rate and Currency Rule 8.80 the Client shall pay to the Member an amount of additional margin equal to a factor of the initial margin kept by the Clearing House. This factor will be disclosed to the Client on the Site from time to time and may be changed by the Member without notice to the Client.

13 **Trading capacity**

13.1 The Client hereby authorises the Member to trade as agent or principal on the Client's behalf.

13.2 If the proposed trades are to be concluded off-market, the Client authorises that the Member shall have the sole discretion as to the counterparty that the Member shall elect to trade with on behalf of the Client. The counterparty shall be disclosed to the Client prior to trade.

14 **Trading limits**

14.1 The Member shall advise the Client of all trading or position limits imposed upon the Member by his clearing Member, if any, and of all limits imposed by the Member on the Client.

15 **Telephone calls**

15.1 The parties acknowledge and confirm that they are conversant with the provisions of Derivative Rule 10.20.4 or Interest Rate and Currency Rule 10.30 relating to the tape recording of telephone calls that they shall be deemed irrevocably to have consented thereto.

16 **Fees**

16.1 Fees for services rendered shall be levied by the Member in accordance with the Rules and the Client hereby undertakes to pay such amount on the due date for the payment thereof.

16.2 The fees will be displayed on the Site.

17 **Disclosure to third parties**

The Member undertakes not to disclose confidential information relating to the Client except where such disclosure is -

17.1.1 made under compulsion of law or in terms of the Rules;

17.1.2 in compliance with a duty to the public to disclose;

17.1.3 necessary to further the legitimate interests of the Member; or

17.1.4 made with the consent of the Client.

18 **Client warranties**

The Client warrants-

18.1 that the information set out in this Agreement and in the Client details as completed on the Site are in all respects true and correct;

18.2 to keep the Member informed of any changes in the information furnished in terms of clause 14.1; and

18.3 to comply with all the requirements of the Rules for acceptance as a Client.

19 **Breach by Client**

19.1 Time shall be of the essence for the performance by the Client of any obligation under this Agreement and the Rules including, but not limited to, a breach of Derivative Rule 11.50 or Interest Rate and Currency Rule 10.100.

19.2 The provisions of Derivative Rules 12.10 and 12.20 and Interest Rate and Currency Rules 11.20 and 11.30 shall apply in case of any breach by the Client of his or her obligations under this Agreement.

20 **Breach by Member**

20.1 Should the Member fail to fulfil any obligation to the Client in terms of this Agreement the Client shall immediately inform the executive officer of the JSE Limited of the details of such breach.

20.2 The provisions of Derivative Rules 12.10 and 12.30 or 12.40 or Interest Rate and Currency Rules 11.10, 11.40 or 11.50, as the case may be, may be invoked in the case of any breach by the Member of his or her obligations under this Agreement.

21 **Duration**

This Agreement shall be effective as from the time the conditions in clause 5 have been fulfilled and it is registered with the Clearing House until it is terminated as provided for under this Agreement. A party shall be entitled to terminate this Agreement by giving written notice to the other party in the manner provided in this Agreement, provided that such termination shall not affect the rights or obligations of the parties in terms of this Agreement which may have arisen or are in existence at the date of such notice or at the date of termination of this Agreement.

22 **Dispute Resolution**

Any dispute arising out of or in connection with this Agreement or the subject matter of this Agreement shall be resolved by arbitration or mediation in terms of section 17 of the Derivative Rules or section 5 of the Interest Rate and Currency Rules.

23 **Law**

23.1 This Agreement shall be governed by, and construed in accordance with, the laws of the Republic of South Africa.

23.2 Subject to the provisions of clause 18, the parties submit to the jurisdiction of the South African courts.

24 **Relaxation**

24.1 No latitude, extension of time or other indulgence which may be given or allowed by a party to the other party in respect of the performance of any obligation under this Agreement or the enforcement of any right arising from this Agreement, and no single or partial exercise of any right by any party, shall under any circumstances be construed as an implied consent by such party or operate as a waiver or a novation of or otherwise affect the rights of any party under this Agreement or prevent such party from enforcing strict and punctual compliance with each and every provision or term hereof.

24.2 The provisions of Derivative Rule 11.50 or Interest Rate and Currency Rule 10.100 shall otherwise apply to any such relaxation or indulgence.

25 **Variation**

25.1 No addition or variation, consensual cancellation or novation of this Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by both the parties or their duly authorised representatives or accepted electronically on the Site through a click-wrap agreement: provided that no such addition, variation, novation or waiver shall be effected without the prior approval of the executive officer of the JSE Limited.

25.2 Save for 25.1 above, the Member is entitled to make unilateral changes to the Mandate and the Terms and Conditions and any such changes will be posted on the Site for viewing or downloading. In the event that the Client proceeds to use the services after such notification has been posted on the Site, the Client will be deemed to have accepted the amended the Mandate and the Terms and Conditions.

- 25.3 The Client may update his/her/its contact details by completing the required fields on the Site.
- 25.4 Notice of any addition or variation, consensual cancellation or novation made in terms of any of the clauses 25.1 to 25.3 above will be indicated to the Client on the Site or via e-mail or in writing.

26 **Whole Agreement**

This Agreement, the Mandate and the Terms and Conditions, read with any approved occurrences referred to in clause 25, contains the entire Agreement between the Member and Client and neither of them shall be bound by any undertakings, representations or warranties not recorded herein.

27 **Notices and *domicilia***

- 27.1 The parties choose as their *domicilia citandi et executandi* their respective addresses set out in this clause for all purposes arising out of or in connection with this Agreement at which addresses all processes, communications and notices arising out of or in connection with this Agreement, its breach or termination may validly be served upon or delivered to the parties.
- 27.2 For the purposes of this Agreement the address of the Client shall be the details as supplied, or amended from time to time, by the Client on the Site.
- 27.3 For the purposes of this Agreement the address of the Member shall be its principal place of business currently:

Standard Bank Centre, 1st Floor, East Wing, 30 Baker Street, Rosebank, 2196

or any such future address as is notified to the Client from time to time by giving notice to the Client in writing and/or as furnished on the Site.

- 27.4 Any notice given in terms of this Agreement shall, unless sent by electronic means, be in writing and shall be deemed, until the contrary is proved, to have been received -
- 27.4.1 at the time of delivery if delivered by hand during normal business hours at the addressee's registered address;
- 27.4.2 by no later than the 7th (seventh) day after the date of posting if posted by pre-paid registered post from an address within the Republic of South Africa to the addressee at the addressee's registered address;
- 27.4.3 on proof of transmission if transmitted by facsimile or electronic means.
- 27.5 Notwithstanding anything to the contrary contained in this Agreement a communication actually received by one of the parties from another shall be adequate written notice or communication to such party.

ANNEXURE A

Risk Disclosure Statement

This risk disclosure statement is made pursuant to the Rules. The risk of loss arising from trading in futures and options can be substantial. You should carefully consider whether such investments are suitable for you in the light of your circumstances and financial resources. You should be aware of the following points -

1. If the market moves against your position, you may, in a relatively short time, sustain more than a total loss of the funds placed by way of margin or deposit with your Member. You may be required to deposit a substantial additional sum, at short notice, to maintain your margin balances. If you do not maintain your margin balances your position may be closed out at a loss and you will be liable for any resulting deficit.
2. Under certain market conditions it may be difficult or impossible to close out a position. This may occur, for example, where trading is suspended or restricted at times of rapid price movement.
3. Where permitted, placing a stop-loss order will not necessarily limit your losses to the intended amounts, for market conditions may make it impossible to execute such orders at the stipulated price.
4. A spread or straddle position may be as risky as a simple long or short position and can be more complex.
5. Markets in futures and options can be highly volatile and investments in them carry a substantial risk of loss. The high degree of "**gearing**" or "**leverage**" which is often obtainable in trading these contracts stems from the payment of what is a comparatively modest deposit or margin when compared with the overall contract value. As a result a relatively small market movement can, in addition to achieving substantial gains where the market moves in your favour, result in substantial losses which may exceed your original investment where there is an equally small movement against you.
6. When your Member deals on your behalf, you should allow this only in contracts listed on the JSE Limited. Should you deal in contracts not listed on the JSE Limited, then you do so at your own increased risk.
7. Prior to the commencement of trading, you should require from your Member written confirmation of all current commissions, fees and other transaction charges for which you will be liable.
8. Members may also be dealers trading for their own account in the same markets as you, in which case their involvement could be contrary to your interests.
9. You should carefully consider whether your financial position permits you to participate in a syndicate. Areas of particular concern are -
 - 9.1 charges for management, advisory and brokerage fees;
 - 9.2 the performance record of the syndicate and for how long it has been operating; and
 - 9.3 the credibility of management.

10. Your Member should explain to you the meaning of various terms set out herein so that you are fully aware of their significance.
11. If you have any doubts or concerns regarding the risks in trading financial futures you may contact the JSE Limited for more detailed information before signing this statement.
12. Corporate events on underlying instruments can have a material effect on the quantity and/or value of an instrument. The Client is responsible for making the necessary enquiries to ensure that the Client makes an informed decision regarding investing in the instrument and specifically, but not limited to, any corporate events affecting the instrument. A corporate event could increase the risk of investing in the instrument.

This brief statement cannot disclose all risks of investment in financial futures and options. They are not suitable for many Members of the public and you should carefully study such investments before you commit funds to them. They may also have tax consequences and on this you should consult your lawyer, accountant or other tax advisor.