



# GOVERNMENT GAZETTE

## OF THE

# REPUBLIC OF NAMIBIA

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N\$2.00

WINDHOEK - 16 August 2002

No.2796

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## General Notice

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### NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

No. 202 2002

#### NOTIFICATION OF DESIGNATION OF THE ROAD FUND ADMINISTRATION AS A LOAN STOCK ISSUER

In terms of paragraph 5A.11 of the Namibian Stock Exchange Listings Requirements prescribed under Section 10 of the Namibian Stock Exchange Rules promulgated by Government Notice No. 151 of 12 September 1995, I hereby designate the Road Fund Administration, established by section 2 of the Road Fund Administration Act, 1999 (Act No. 18 of 1999), as an institution which may issue "loan stock" as defined in that paragraph.

**F. VAN RENSBURG**  
**REGISTRAR OF STOCK EXCHANGES**

Windhoek, 5 August 2002

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**NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY**

No. 203

2002

**NOTIFICATION OF APPLICATION FOR APPROVAL OF AMENDMENT OF  
RULES OF THE NAMIBIAN STOCK EXCHANGE**

In terms of section 12(6) of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985), I hereby give notice that the Namibian Stock Exchange has applied for approval of the amendment of the Namibian Stock Exchange Rules, particulars of which are set out in the Schedule.

I call upon all interested persons (other than members of the Namibian Stock Exchange) who have any objection to the proposed amendments to lodge their objections with the Registrar of Stock Exchanges, P O Box 21250, Windhoek, within a period of 30 days from the date of publication of this notice.

**F. VAN RENSBURG  
REGISTRAR OF STOCK EXCHANGES**

**SCHEDULE**

1. In this Schedule, "the Rules" means the Namibian Stock Exchange Rules promulgated by Government Notice No. 151 of 12 September 1995, as amended by Government Notices No. 145 of 15 July 1997, No. 81 of 5 May 1999 and No. 12 of 1 February 2002.

**Amendment of Section 1 of the Rules:**

2. Section 1 is amended

- (a) by the insertion of the following definitions:

"after hours"	means before the opening auction call period and after the end of the closing auction call period and any extensions thereto and any other time that the equities market is halted or closed;
"asset swap"	means a transaction which complies with all the asset swap requirements of the Bank of Namibia;
"auction call period"	means a period of time, during which orders for inclusion in an auction can be entered into and deleted from the order book and there is no automated trading;
"auction matching"	means the process of matching buy and sell orders according to a matching algorithm at the end of an auction call period;
"auction price"	means the price of transactions resulting from auction matching;
"auction trade"	means a transaction matched automatically in the NSX trading system during auction matching;
"automated trade"	means a transaction matched automatically in the NSX trading system during continuous trading;
"order entry application"	means any system, software or program operated by a client, counterparty or broking member (equities) which facilitates electronic submission of orders to a member application and as a minimum:

	<ul style="list-style-type: none"><li>- is able to ensure that the price of the order is within a defined parameter of the reference price;</li><li>- is able to ensure that the order is within normal trading patterns for that client; and</li><li>- complies with such other requirements as the NSX may from time to time prescribe;</li></ul>
“contra trade”	means a transaction to correct an erroneous trade that is equal and opposite to a previously matched automated or auction trade that is entered on the same business day as the original trade;
“corporate finance	means a transaction which;
“transaction”	<ul style="list-style-type: none"><li>- must be entered in writing;</li><li>- requires public notification in the press; and</li><li>- complies with the requirements of transaction categories 1 or 2 or 3 of Section 9 of the Listing Requirements of the NSX;</li></ul>
“fill or kill”	means an order submitted to the order book which may only execute in full against eligible orders or otherwise is cancelled;
“foreign professional market participant”	means a person who does not reside in Namibia and whose regular business is the buying and selling of securities;
“NSX SETS security”	means all securities traded on the NSX SETS system;
“NSX systems”	means any system, device or network which is operated by or on behalf of the NSX for the purpose of providing an equities market;
“late trade”	means a transaction where a broking member (equities) trades after hours with a professional market participant, as agent or principal, in fulfilment of - <ul style="list-style-type: none"><li>- an order already entered into the NSX trading system which reflects a reasonable price at which a client wishes to trade;</li><li>- an order received prior to the end of the closing auction call period, the price of which could only be established after the closing auction call period; or</li><li>- an order received after hours;</li></ul>
“limit order”	means an order submitted to the order book, which is held on the order book and may execute either in full or in part against eligible orders;
“market order”	means an order submitted to the order book during an auction call period with no price limit, which is held on the order book and may execute either in full or in part against eligible orders, at the price of a new order entered into the order book or at the reference price;
“market order extension period”	means an extension to an auction call period which occurs when there would be unexecuted market orders on the order book following auction matching;

“member application”	means any system, software or program (excluding the NSX systems) operated by a broking member (equities) which submits data to and/or receives data from any client application or NSX systems;
“normal market size”	means a quantity of a security as specified by the General Manager or his deputy from time to time;
“order book”	means the order book operated by the NSX in which automated trades occur according to price then time priority;
“order”	means an instruction from a client or counterparty to buy or sell securities or an instruction to amend or cancel a prior instruction to buy or sell securities;
“portfolio”	means a list of investment which; <ul style="list-style-type: none"><li>- has a minimum value of N\$15 million; and</li><li>- comprises at least 10 different securities none of which exceeds 25% of the total value of the portfolio;</li></ul>
“portfolio transaction”	means a transaction where a broking member (equities) trades as an agent in a portfolio;
“post contra trade”	means a transaction to correct an erroneous trade that is equal and opposite to a previously matched automated or auction trade that is entered on the business day following the original trade;
“price monitoring extension period”	means an extension to an auction call period which occurs when the indicative auction price is a specified percentage or more away from the reference price;
“professional market participant”	means an investment manager approved in terms of the Act, the Financial Markets Control Act, 1989 or any equivalent or replacement acts or act;
“publication”	means in relation to a transaction, the disclosure of the price and quantity of securities traded to the equities market via the NSX systems;
“reference price”	means the last auction or automated trade price, whichever is the most recent, or in the absence of a last auction and automated trade price a price as determined by the NSX;
“reported transactions”	means a transaction executed off the order book by a single broking member (equities) but excluding exercise of warrants, exercise of options and exercise of traded options transactions which may be two member trades;
“traded option”	means an option on a security, traded on the NSX;
“transaction correction”	means a message sent to the NSX trading system to correct a previously reported transaction that was reported on that or the previous business day;
“volatility auction period”	means the auction call period which occurs during automated trading when an order is entered that would

execute at a price that is a percentage or more away from the reference price;

“warrant” means a warrant as defined in the Listings Requirements of the NSX;

#### **Amendment of Section 3 of the Rules:**

1. Section 3 of the Rules is amended:

(a) by the substitution for Rule 3.2.2 of the following:

3.2.2 The Committee shall consist of a maximum of 10 natural persons all with full voting rights. Only Namibian residents shall be nominated and elected to the Executive Committee. An elected member of the Committee may not nominate an alternative member or send an observer to the Committee meeting when the member is absent. The Committee shall determine annually the number of members - being members not under surety - to be elected. The maximum shall be 7 if, under 3.2.2.(b), the President is already in office whose conditions of service cover the period of both the previous Committee and the Committee to be elected. If the number of nominations exceeds the number of members so determined by the Committee, a ballot to elect the members of the Committee shall be held not later than four months after the end of each financial year-end.

#### **Amendment of Section 4 of the Rules:**

2. Section 4 of the Rules is amended -

(a) by the insertion of the following rule after Rule 4.10.6(j)

4.10.6(h) In the event that a stockbroker fails to comply with Rule 4.10.6(a), the NSX shall refer the matter to the Disciplinary Committee.

#### **Amendment of Section 5 of the Rules:**

4. Section 5 is amended by the substitution for Rule 5.5 of the following:

5.5.1 When acting for a client in the purchase and/or sale of securities, a broking member (equities) must at all times adhere to the best execution principle taking reasonable care to obtain the result which is the best available for the client, in the equities market provided that the broking member (equities) must at all times act in accordance with the terms and conditions of the agreed mandate from the client.

5.5.2 All transactions in securities shall only be conducted through the NSX trading system, unless otherwise stipulated by the NSX.

5.5.3 A securities trader, who seeks to be registered with the NSX, must have obtained a pass in the securities trader examination as may be prescribed by the NSX.

5.5.4 The General Manager or his deputy may decide that the market in securities be closed in the event that a fair and realistic market does not exist. In this event the rules applicable to late trades shall apply. A fair and realistic market will be deemed not to exist at the discretion of the General Manager or his deputy after consideration of the percentage of broking members (equities) not able to access the NSX systems, the reasons for such lack of access and their contribution to price formation.

- 5.5.5 Notwithstanding any other provision of the rules or any directive, the General Manager, in accordance with prevailing circumstances may -
- 5.5.5.1 reduce or extend the hours of operation of the NSX trading system for any particular business day;
- 5.5.5.2 without prior notice to any person, halt or close the NSX trading system for trading at any time and for any period;
- 5.5.5.3 without prior notice to any person suspend automated trading;
- 5.5.5.4 if there has been any failure of the NSX systems, for any reason, or if NSX systems have been closed, suspended or halted, declare that a transaction effected through or by the NSX trading system is void. Such declaration shall bind a broking member (equities), a client of a broking member (equities) and a counterparty on behalf of or with whom the transaction was effected;
- 5.5.5.5. exercise such further powers and take such further action as may be exercised or taken by the NSX in terms of the rules and directives, and as may be necessary to resolve any issue which may arise from the closure, suspension, halt or failure of the NSX systems; and
- 5.5.5.6 take such other steps as may be necessary to ensure an orderly market.
- 5.5.6 Each security will be allocated to a segment and functional sector based on trading characteristics. These trading characteristics will include volatility, liquidity, price and country of issue.
- 5.5.7 Notwithstanding any other provisions of the rules and directives -
- 5.5.7.1 the General Manager or his deputy may instruct a broking member (equities) immediately to discontinue using a member or client application; or
- 5.5.7.2 the General Manager or his deputy may restrict the usage by a broking member (equities) of any or all components of a member or client application; or
- 5.5.7.3 the General or his deputy may declare a trading halt in a listed security. During a trading halt no broking member (equities) may trade that listed security for the duration of the trading halt but may submit orders to and delete orders from the order book.
- 5.5.8 Broking members (equities) accessing NSX systems must at all times -
- 5.5.8.1 maintain and enforce appropriate security procedures which are designated to prevent unauthorised persons from having access to any NSX systems, member applications or client applications; and
- 5.5.8.2 have the necessary resources to ensure that any data sent to or received from NSX systems does not interfere with the efficiency and integrity of the equities market or the proper functioning of the NSX systems.
- 5.5.9 Trading Capacity, Orders and Trading Periods and Times
- 5.5.9.1 The NSX trading system shall operate on every business day according to the following standard periods based on South African (GMT + 02:00) times:
- 5.5.9.1.1 market opening period 08h30 to 08h35;
- 5.5.9.1.2 opening auction call period: 08h35 to 09h00;

- 5.5.9.1.3 automated trading period: 09h00 to 16h50;
- 5.5.9.1.4 closing auction call period: 16h50 to 17h00;
- 5.5.9.1.5 runoff period: 17h00 to 18h00;
- 5.5.9.1.6 system close: 18h00;
- 5.5.9.1.7 intra-day auction call period for selected securities: 12h00 - 12h15.
- 5.5.9.2 Additional periods may occur under certain market conditions. These periods include:
  - 5.5.9.2.1 volatility auction period;
  - 5.5.9.2.2 market order extension period;
  - 5.5.9.2.3 price monitoring extension period;

where up to a maximum of two of the auction extension periods referred to in 5.5.9.2.2 and 5.5.9.2.3 may occur after any auction call period except for after a closing auction period when there may be up to a maximum of three. In this event, the closing auction period will be extended.
- 5.5.9.3 Orders submitted to the NSX trading system must specify the capacity in which the member is dealing.
- 5.5.9.4 When an order is executed with a combination of agency and principal capacities, separate brokers notes must be issued for the agency and principal portions, clearly indicating the capacity in each case.
- 5.5.9.5 A broking member (equities) may not make a profit in respect of an agency transaction other than the brokerage, the amount of which must be reflected on the brokers' note.
- 5.5.9.6 All orders received by a broking member (equities) must be recorded in price and then time priority by the broking member (equities) and be submitted to the NSX trading system in such order. Orders from clients will always be given time priority over such broking member (equities) own account orders except where that broking member (equities) had already entered own account orders into the NSX trading system at the time that a client order was received by that broking member (equities).
- 5.5.9.7 Orders received by a broking member (equities) after hours will have the time priority of entry of the order into the NSX trading system.
- 5.5.9.8 Orders entered individually will carry their own time priority.
- 5.5.10 Reported Transactions
  - 5.5.10.1 With the exception of NX Trade Types, reported transactions do not have to be executed through the order book. The following transactions may validly be reported by the selling member of the NSX trading system -
    - 5.5.10.1.1 asset swaps (AS)
    - 5.5.10.1.2 corporate finance transactions (CF)
    - 5.5.10.1.3 portfolio transactions (PF)
    - 5.5.10.1.4 late trades (LT)

- 5.5.10.1.5 exercise of warrants (WX)
- 5.5.10.1.6 exercise of traded options (TX)
- 5.5.10.1.7 exercise of options (OX)
- 5.5.10.1.8 contra trades (CT)
- 5.5.10.1.9 post contra trades
- 5.5.10.1.10 transactions corrections
- 5.5.10.2 NX Trade Types
  - 5.5.10.2.1 all NX Trade Type reports must comply with the minimum requirements set out in Directive BZ21.4
- 5.5.10.3 Reported transactions -
  - 5.5.10.3.1 if conducted during trading hours must immediately be reported by the broking member (equities) to the NSX trading system. Where two broking members (equities) are involved, the selling broking member (equities) must report the transaction. In addition, portfolio trades must be reported forthwith by facsimile to the General Manager or his deputy;
  - 5.5.10.3.2 if conducted after trading hours, must be reported to the NSX trading system on the next business day within 15 minutes of the commencement of the market opening period. In addition, portfolio trades must be reported by facsimile to the General Manager or his deputy; and
  - 5.5.10.3.3 are immediately published unless otherwise stated except for exercise of options, exercise of warrants and exercise of traded options which are not published.
- 5.5.11 Trade Corrections
  - 5.5.11.1 Contra and post contra trades will only be considered if -
    - 5.5.11.1.1 the request is received by the General Manager or his deputy on the same business day or by 09h00 on the business day following the erroneous trade; and
    - 5.5.11.1.2 the quantity of shares traded exceeds 5% of the issued share capital of that security; or
    - 5.5.11.1.3 the price entered on the order which results in the error, is 10% or more away from the previous reference price, or, if there were no trades on that business day, the previous business day's closing price.
  - 5.5.11.2 If, in the opinion of the General Manager or his deputy, an auction, automated trade or reported transaction materially impacts the integrity or transparency of the equities market, or the correctness of the statistics, the General Manager or his deputy may instruct broking members (equities) to enter a contra or post contra trade or perform a transaction correction without being requested to do so by any broking members (equities) involved.
  - 5.5.11.3 Notwithstanding any other provision of the rules or any directive, the General Manager or his deputy may, where in his opinion a trade has been matched as a result of a clear error by a broking member (equities) or reported in error, grant permission to or instruct the respective broking members (equities) to execute a contra trade, a post contra trade or a transaction correction.



**Amendment of Section 10 of the Rules:**

5. Section 10 of the Rules is amended:

(a) by the substitution for Rule 10.2(a), (b) and (c) of the following:

10.2 Until otherwise determined by the Committee, the fees for listing of securities will be contained in the NSX Listings Requirements, as amended from time to time.

**Amendment of Section 12 of the Rules:**

6. Section 12 of the Rules is amended -

(a) by the substitution for Rule 12.1, 12.5 and 12.6 of the following:

12.1 The Committee shall establish and maintain a separate Trust account for the purpose of holding clients funds. The Trust is to be known as the NSX Trustees Account to accept from clients of **broking firms** of the NSX all monies arising from time to time from managed **accounts operated** by broking members on behalf of such clients and from **arrangements of the kind referred** to in 5.20.1, 5.20.2, 5.20.3 and 5.21 and to **repay to such** clients or their order monies so accepted.

12.5 All monies accepted by the NSX Trustees Account shall be deposited with banking institutions and building societies (registered otherwise than provisionally in terms of the relevant acts) approved by the directors.

12.6 NSX Trustees Account is to hold monies on behalf of clients of a broking firm in terms of these rules and shall pay to such broking firm the rate of interest which it may from time to time determine on such monies and may make a charge to such broking firm in respect of the services so rendered by that company.

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