

SECTION 17

DISCIPLINARY PROCEEDINGS

17.1 General

Nothing in this Section shall be read or construed to mean that any action that the CDS is entitled to take under other provisions of these Rules shall necessarily follow the procedure set out in this Section 17, unless such other provisions explicitly state that the conduct of disciplinary proceedings under this Section 17 is a prerequisite to taking such action.

17.2 Grounds for Disciplinary Action

The CDS may take disciplinary action against a Participant in respect of any conduct, act and/or omission in its capacity as a Participant of the CDS. Such conduct, acts and/or omissions of any Participant in respect of which disciplinary action may be taken, shall include, without limitation, the following:-

- a. Any breach of or failure to adhere to any provision of these Rules and/or any determinations made or requirements stipulated by the CDS thereunder, including any failure to provide notifications to CDS as required in terms of these Rules;
- b. Any breach of or failure to adhere to Circulars and Operational guidelines and procedures issued by the CDS;
- c. Any matter with respect to which disciplinary action is required to be taken by the CDS under provisions of these Rules;
- d. Any failure or refusal to act in accordance with any procedures or processes of the CDS whether made in terms of these Rules or otherwise;
- e. Any failure or refusal to act in accordance with decisions and/or determinations made by the CDS in respect of Securities traded on the CSE;
- f. Any breach of the Participant's agreements with the CDS;
- g. Any error, delay or other conduct of the Participant which may be detrimental to the business and operations of CDS;
- h. For not providing adequate facilities for the Participant's business with CDS, and
- i. Any conduct unbecoming of a Participant in respect of Securities traded on the CSE.

17.3 Procedure

- (a) The CDS shall be entitled to determine, on a case by case basis or otherwise and at its sole discretion, the procedure to be followed by the CDS in taking disciplinary action against the Participant so long as such

procedure provides the Participant with adequate opportunity to show cause or present its case.

Provided however nothing in this Rule shall prevent the CDS from taking any action including taking of any disciplinary action against the Participant as interim measures pending the initiation and/or conclusion of the disciplinary proceedings, if the CDS is of the view that any such action is required to be taken to uphold the integrity and/or stability of the Securities market and/or public faith and confidence in the credibility of the market pending the initiation and/or conclusion of the disciplinary proceedings.

- (b) Without prejudice to the generality of the provisions of Rule 17.3 (a) above, the CDS may appoint any committee consisting of officers of the CDS and/or external persons (whom the CDS, at its sole discretion, considers as necessary in conducting its disciplinary proceedings) in order for the CDS to hear and determine any matter of disciplinary nature.

17.4 Investigations

- (a) In the event the CDS is of the view that any conduct, act and/or omission of any Participant in its capacity as a Participant of the CDS, needs to be investigated for the purpose of ascertaining whether disciplinary proceedings should be commenced against such Participant, the CDS is entitled to direct the Participant to immediately do and carry out any and all acts, including the following, that the CDS considers necessary to carry out such investigations:-
 - (i) To provide information/explanations as required by the CDS;
 - (ii) To cause any officer or employee of the Participant to appear before the CDS with necessary documents and to provide any information/explanations as may be deemed necessary by the CDS; and/or
 - (iii) To provide the CDS with any documents or records of the Participant.
- (b) Any failure or partial failure to comply with such direction of the CDS including any concealment of, or furnishing of false or inaccurate, information, documents or records, shall be deemed to be a breach by the Participant of these Rules. Further, such failure may, inter alia, result in, the CDS, at its sole discretion, imposing any immediate interim measures as referred to in Rule 17.3 (a) above.

17.5 Determination of the CDS

- (a) The CDS shall be entitled to take any disciplinary action that the CDS may deem appropriate against the Participant, which may include, without limitation, expulsion, suspension, limitation of or restriction of activities, functions and/or operations, specific performance, warning, reprimand and/or payment of any fees or costs as determined by the CDS.
- (b) Any determination made by the CDS in accordance with Rule 17.3 above, with regard to the disciplinary action taken against a Participant shall be communicated to the Participant by the CDS in writing and such determination shall be effective immediately upon delivery (in terms of

these Rules) of such communication to the Participant by the CDS.

- (c) Failure by the Participant to comply with any such determination (or part thereof) made by the CDS under and in terms of this Rule 17, shall entitle the CDS to take further disciplinary action, in addition to those already imposed, as the CDS may deem fit, without any further opportunity of whatsoever nature being provided to the Participant to show cause or present its case. Such further disciplinary action shall be communicated to the Participant by the CDS in writing and such action shall become effective immediately upon the CDS dispatching such communication to the Participant.
- (d) Where the operation or effectiveness of any determination (or part thereof) of the CDS is halted, suspended and/or delayed pursuant to any lawful interim order or decision of the SEC or otherwise, immediately upon such interim order or decision lapses or is set aside, such determination (or part thereof) of the CDS shall be deemed to have been given effect to immediately upon the lapse or setting aside of such interim order or decision. Provided however that the CDS shall be entitled to make, at its sole discretion, necessary amendments to its original determination only to address any matters, ramifications, issues and/or concerns that may affect the implementation of such determination (or part thereof) due to the halt, suspension and/or delay of the operation or effectiveness of such determination. Upon making such amendments, the Participant shall be notified in writing by the CDS.
- (e) Without prejudice to the discretion available with the CDS to impose appropriate disciplinary measures and to determine the extent thereof, in the event CDS decides to suspend a Participant, the CDS may direct such Participant to carry out any of the following actions and the Participant shall be obliged to comply with and adhere to such direction:
 - (i) to discharge its obligations which it had incurred prior to such suspension,
 - (ii) to facilitate the transfer of Securities of clients held in Client Accounts maintained by the Participant to Client Accounts maintained with other Participant/s;
 - (iii) to do and carry out things as may be necessary to comply with other requirements of the determination made by the CDS; and/or
 - (iv) to comply with any other requirements as may be imposed by the CDS.

17.6 Notification to the CSE

Where any disciplinary action taken by the CDS results in CDS deciding to not give effect to any transactions of a Participant on behalf of its client/s and on its own account, the CDS shall issue a written notification of such decision to the CSE.