



THE SOUTH AFRICAN
MARKET SURVEILLANCE

CODE OF *CONDUCT*

2025

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Introduction


A country's financial sector is central to its economy because it is the conduit through which wealth is created. It enables people and businesses to transact, save, invest and insure, and therefore fosters job creation and economic growth.

But it is not without its risks - information asymmetry, industry concentration, global integration and rapidly advancing technology are just a few of the reasons the sector is vulnerable to market manipulation or abuse and market failures.

To guard against such risks, the financial sector is carefully and effectively regulated in South Africa and across the globe.

In other words, relevant, enforceable rules have been established to protect financial customers and their assets, promote fairness, ensure solvency, and foster systemic stability. Regulation also helps further financial inclusivity.





Over and above regulatory obligations, codes of conduct set out principles of good practices and processes that guide standards of behaviour from financial market participants. While voluntary and not legally binding, such codes complement legislation and help establish trust that market practices are fair, effective, and transparent.

South Africa's key financial services institutions, regulatory bodies and other appropriate authorities have come together to collaborate and construct such a Code of Conduct in the form of a market surveillance framework. This document is the result of extensive consultation between these stakeholders as to the standard financial market participants are expected to uphold engaging in the South African financial markets.

The aim of this market surveillance code of conduct is to promote fit and proper conduct across the financial services industry, hold financial markets to the highest of global best standards and ensure they are not susceptible to market abuse, manipulative, anticompetitive and illegal trading practices.

There is a strong belief that the code of conduct will improve market integrity and contribute to increased interest, confidence, and participation by international investors in the South African financial market – a crucial means by which the financial services industry can contribute to boosting South Africa's economic growth and improve the lives of its people.

South Africa *regulatory backdrop*

The Financial Sector Regulation Act (FSR Act) implemented a 'twin peaks' model of financial regulation. This model aims to create a safer financial sector by creating independent supervision in the form of separate prudential and market conduct regulatory authorities: the Prudential Authority and the Financial Sector Conduct Authority. The latter regulates the market exchanges, such as the Johannesburg Stock Exchange (JSE), A2X, the Cape Town Stock Exchange and the Over-the-Counter Derivatives market, and investigates market abuse.

The importance *of this journey*

At Investec, we recognise the crucial role that market surveillance plays in maintaining compliance and upholding the integrity of the financial markets.



It is essential for us to adopt transparent and equitable practices that not only protect the market but also enhance investor trust.

What is the Market Surveillance *Code of Conduct?*

The South African Market Surveillance Code of Conduct establishes a set of guiding principles for financial market participants. It details how the financial market participant of an exchange should conduct themselves in an ethical, transparent, and responsible way that promotes the integrity and proper functioning of SA's financial markets, while reducing systemic risk, by ensuring all participants are managing their market abuse risk effectively. It commits signatories to acting honestly and fairly, and with due care, skill, and diligence when they transact in SA's financial markets. It also commits financial market participant signatories to strive for the best global practices.

This code is not intended to replace, or in any way detract from, the various regulations, rules and directives which govern the South African financial markets. Additionally, it does not

impose regulatory or legal obligations on financial market participants or signatories. Instead, it aims to enhance and reinforce the regulatory environment by encouraging responsible behaviour from the financial market participant and providing more details which are easy to understand for small, medium, and large brokers to follow.

The code was developed in a collaborative manner by representatives from the South African Financial Market. The code will be reviewed periodically by the collective stakeholders and is anticipated to evolve over time in line with the best global practices, broader industry and regulatory changes, improved and cost-effective technology, and the best available skills.



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To whom does the code apply?

This code will apply to all financial market participants that trade on a South African licensed stock exchange. The code can be expanded to include other financial service providers or any person that may deem it appropriate to comply with the principles contained in this code.

2

Objectives/Principles

The objectives of this Market Surveillance Code of Conduct are to:

- Ensure that financial market participants are conducting their trading activities in a fair, transparent, and ethical manner
- Establish and maintain a common set of guidelines that the financial market participant can follow to ensure consistency and standardisation in their framework to address market abuse
- Promote market integrity by ensuring that all financial market participants are operating on a level playing field
- Demonstrate that financial market participants of the exchanges who are signatories are committed to ethical practices which will help build trust and confidence in the South African market and promote market integrity.

3

Communication surveillance

3.1

Governance process

- 3.1.1 Financial market participants should have an approved governance structure that oversees their communication platforms and surveillance activities, and all the communication platforms should be approved by a recognised governance structure, or senior management. The communication surveillance capabilities should include recording, storing, and retrieving of communications' data
- 3.1.2 Financial market participants should ensure their employees are not engaging in any communication that may result in, or be perceived to constitute, market abuse.

3.2

Chat room principles

- 3.2.1 Financial market participants should develop internal processes that enable oversight and monitoring of the chat room/s of all traders
- 3.2.2 Financial market participants should ensure that all chat rooms or messaging groups are constantly reviewed by an authorised administrator to determine whether a chat room or messaging group should be stored, maintained or deleted
- 3.2.3 Financial market participants should ensure that chat rooms, or instant messaging group participants leave any such forums that are no longer relevant

- 3.2.4 Financial market participants should not post any inappropriate content in any media or social media platform that could result in, or be construed as, market abuse
- 3.2.5 Financial market participants should make sure that chat rooms are not used to share confidential client information between employees and competitors, which could result in inappropriate activities.

3.3 Social media monitoring and oversight

- 3.3.1 Financial market participants should develop a governance framework to guide and monitor the influence of social media platforms when it is used to commit market abuse
- 3.3.2 Financial market participants should develop guidance for their employees who participate in social media to make sure their comments on public platforms are not viewed or used for market abuse.

Trade surveillance

4.1 Market abuse risk-based approach

- 4.1.1 Financial market participants should adopt a risk-based approach to develop their trade surveillance frameworks for analysing and monitoring all trading activities in financial markets.

The framework should be focused on detecting any potential market abuse or misconduct. The financial market participant

should include the following points in its market surveillance framework:

- a. Collecting, analysing, and preserving pre-trade, trade, and market data to detect instances of potential market abuse
- b. Conduct complete risk assessments to identify prevalent potential market abuse risks and document and keep procedure of all the risks and controls for all trading risks. Financial market participants should also monitor the firm and its employees' trading activity after conducting a risk assessment
- c. A financial market participant should develop the capability to monitor trading ahead of, or after, a significant price movement in the market to identify whether any inside information was traded on, and the capability to monitor potential insider trading on bookbuilds or placements
- d. Financial market participants should have the capability to monitor for, detect and flag any instances of price manipulation, including, but not limited to, the following:
 - i. Buying and selling the same security through the same or different brokers to mislead other investors into believing trading volumes for that security are higher than they are with no change in beneficial ownership at the end of the deal management (such as wash trade)

- ii. A strategy by which investors in security, claiming to hold information that will boost the security's price, entices others into buying the security too. Once an influx of investors has pushed the security's price up (or the price has been artificially 'pumped up', the perpetrators sell out (or 'dump') the security (such as pump and dump)
- iii. Trading based on inside information about a future transaction that will impact the security's price before that future transaction takes place or is publicly announced (such as insider trading)
- iv. Buying or selling security at the close of the market to create an artificial price from which he/she stands to financially benefit (such as marking the close)
- v. Placing large orders in the order book with no intention of executing it, to move a security's price. Once the price has moved, the investor cancels the original order and places new orders in the opposite direction to take advantage of the changes in price
- vi. Placing orders with an intention to increase the bid (or decrease the offer)
- vii. a security to increase (or decrease) its price or the price of a related financial instrument (such as price manipulation).

4.2 Positive/True alerts (known as false positives)

- 4.2.1 Financial market participants should record a reasonable explanation as to why any positive alert has been triggered
- 4.2.2 Financial market participants should have an acceptable governance structure to adjust the alert parameters, and the process should be documented and reviewed on a regular basis or as and when necessary
- 4.2.3 Financial market participants should calibrate their alerts with an intention to detect the market abuse risk and not to reduce the number of alerts.

4.3 Integration of communication and trade surveillance

Financial market participants should strive for the integration of communication and trade surveillance to enhance and improve the efficiency of their market surveillance.

4.4 Remote working

- 4.4.1 Financial market participants should develop a framework which could occur under disaster management situations or normal operating conditions (ie non-disaster management)
- 4.4.2 Financial market participants should always take into account, the regulatory requirements when designing their remote working policies and procedures

- 4.4.3 Remote working should be subjected to the same control environment and oversight similar to that applied in the office.

4.5 Algo trading governance process

- 4.5.1 The utilisation of algos or programmes to trade have become a common practice in most financial markets around the world, including South Africa. Financial market participants should develop a governance process for their algo trading to ensure that it protects the integrity of the South African financial markets
- 4.5.2 Financial market participants should ensure that proprietary algos or programme trading activities are adequately segregated from agency activities
- 4.5.3 Financial market participants should establish and maintain an inventory of all algorithmic trading strategies and systems, including the owner of each algos, testing procedures, technical details of the coding protocols used during the development process and the overall system architecture
- 4.5.4 Financial market participants should maintain robust, consistent, and well understood development and testing processes which identify potential issues within and across trading algorithms prior to (initial) deployment
- 4.5.5 Financial market participants should ensure that an appropriate audit trail is maintained on all algo's (including updates) for at least seven years after the algo is decommissioned.

Market conduct

Dealing with confidential information

Confidential information may also include, but is not limited to, information relating to the past, present, and future trading activity or positions of financial market participants or clients. More specifically it may include, but is not limited to, the following:

- a. Details of order book
- b. Client interests
- c. Spread matrices provided to clients.

5.1.2 Financial market participants should never use a client's information or disclose any confidential information relating to clients, except when the financial market participant is providing information which constitutes market colour, and the information has been sufficiently de-identified

5.1.3 Financial market participants should disclose client information if the client has consented to the request, as a requirement from the regulations, or for a regulatory enquiry or investigation.

5.2 Financial crime risk in the trading environment

5.2.1 Financial market participants should have a comprehensive and integrated approach to managing financial crime risk in the trading environment to protect their reputation, comply with regulations, and maintain the integrity of the financial system

- 5.2.2 To mitigate financial crime risk in a trading environment, financial market participants may employ various measures, including: Implementing robust Know Your Customer (KYC) procedures to verify the identity of clients and counterparties
- a. Conducting thorough due diligence on clients, including enhanced due diligence for high-risk individuals or entities
 - b. Monitoring and surveillance systems to detect suspicious trading patterns and activities
 - c. Implementing transaction monitoring systems to identify unusual or potentially fraudulent transactions
 - d. Training employees on anti-money laundering and financial crime prevention
 - e. Establishing strong internal controls and governance frameworks
 - f. Regularly conducting risk assessments and reviews of trading activities.

5.3 Sharing of information

Collaborating with regulatory authorities and industry peers to share information and best practices.

6

6.1

Research practices and market commentary

Financial market participants who publish independent research and non-independent research (including market commentary and related forms of research reports) in the South African financial market should adhere to best global practices and ensure that their research is conducted in an ethical manner and the research remains of high quality

6.2 Financial market participants should develop a research policy that has the following guidelines:

6.2.1 Establish and maintain written policies and procedures that are reasonably designed to identify and effectively manage conflict of interests, including the PA dealing rules for the analyst

6.2.2 Restrict input from investment banking departments into research decisions to ensure that research analysts make all decisions independently and objectively

6.2.3 Make sure that research analysts are not involved in any advisory activity with clients and / or discussions involving any insider information, as this may impact the research analyst's independence

6.2.4 Establish information barriers or institutional safeguards that are reasonably designed to ensure that research analysts are insulated from

the pressure or oversight by persons engaged in investment banking activities or sales and trading personnel who might be biased in their judgement.

7

Distribution rules

- 7.1 Financial market participants should ensure that all independent research is reviewed before publication, and no changes are made thereafter without the approval of the reviewer
- 7.2 Financial market participants should ensure that all independent research is issued on equal footing to all the affected stakeholders, at the same time
- 7.3 Financial market participants must ensure that they distribute or publish any written research on the issuer anywhere in the world during restricted periods
- 7.4 Financial market participants should ensure that independent research is distributed only to qualified institutional buyers or equivalent
- 7.5 Financial market participants should ensure that independent research is distributed through secure distribution channels. For social media platforms financial market participants must ensure that controls and proper governance frameworks are adhered to.

8

Private placements/bookbuilds

- 8.1 Financial market participants should develop policies and procedures that provide general guidelines and principles on how to manage private placements and bookbuilds. The policies and procedures should include some of the following principles:
- 8.2 Financial market participants must make sure that all affected and involved employees are wall-crossed if required
- 8.3 Financial market participants should ensure strict client confidentiality and segregation of duties in all placements/bookbuilds
- 8.4 Financial market participants should make sure that all orders are submitted in the recorded lines, including all the details of the order eg quantity, price, time of the order etc.



Annex 1 | Glossary of terms

Term	Definition
Confidential information	means personal information that belongs to a person and is not generally available to or known by others
Exchange	means a person who constitutes, maintains and provides an infrastructure - (a) for bringing together buyers and sellers of securities (b) for matching bids and offers for securities of multiple buyers and sellers (c) whereby a matched bid and offer for securities constitutes a transaction
Financial Markets Act	means the Financial Markets Act 19 of 2012
Financial market participants	means a person authorised by a licensed exchange or a financial services provider authorised to perform one or more securities services in terms of the exchange rules, or a financial services provider
Financial Sector Regulation Act	means Financial Sector Regulation Act 9 of 2017
Insider trading	means trading based on inside information about a future transaction that will impact the security's price before that future transaction takes place or is publicly announced
JSE	means the Johannesburg Stock Exchange
KYC	means Know Your Customer
Marking the close	means buying or selling a security at the close of the market to create an artificial price from which he/she stands to financially benefit
Price manipulation	means buying or selling a security at the close of the market to create an artificial price from which he/she stands to financially benefit
True alerts	known as false positives

Pump and dump

means a strategy by which investors in a security, claiming to hold information that will boost the security's price, entice others into buying the security too. Once an influx of investors has pushed the security's price up (or the price has been artificially 'pumped up', the perpetrators sell out (or 'dump') the security

Wash trade

means the buying and selling the same security through the same or different brokers to mislead other investors into believing trading volumes for that security are higher than they are with no change in beneficial ownership at the end of the deal management.



Thank you to all who
contributed to the

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Themba Maseko	INVESTEC
Tian Bam	STANDARD BANK
Tiyani Mavulwana	STANDARD BANK
Tumi Marishane	UNUM CAPITAL



Endorsements



Authorised users of exchanges and other financial market intermediaries act as the gatekeepers to South Africa's financial markets, ensuring that the securities services they provide meet the highest standards of integrity and that potential market abuse is either stopped or detected at the gate. The South African Market Surveillance Code of Conduct is an excellent example of how key stakeholders can work together to recognise and address threats to the safety and attractiveness of the financial markets in South Africa. Confidence in the integrity of our financial markets is enhanced when the investing public can see that all the important role players have a common objective and implement consistent high standards of conduct and compliance to prevent and detect harmful practices that negatively impact the public perception of our markets if they go unchecked.

The Code represents the best practices in market surveillance, covering the important issues that market surveillance professionals in South Africa need to consider and address as they develop and apply effective surveillance arrangements within their organisations to combat market abuse.

As one of the main regulators in South Africa's financial markets, the JSE commends the market participants involved in developing the Code for producing such a useful tool to assist market surveillance teams in their important work in promoting the strength of our markets for the benefit of issuers, investors, and the South African economy. We trust that all market participants will embrace the Code and what it seeks to achieve, and we hope that it will be an important guide for those who value the role that effective market surveillance plays in promoting investor confidence as much as we do, for many years to come.



A2X endorses the South African Market Surveillance Code of Conduct as a critical framework for upholding transparency, fairness, and integrity in the financial markets.

By setting clear standards for surveillance practices, the Code strengthens trust between market participants, regulators, and the investing public.

It also promotes a culture of accountability and vigilance that is essential to preserving market confidence and fostering long-term economic stability.

The collaborative efforts of market participants behind the development of this Code is particularly noteworthy and we encourage all stakeholders to embrace the principles outlined in the Code.



SOUTH AFRICAN MARKET SURVEILLANCE CODE OF CONDUCT

The Public Investment Corporation (PIC) is pleased to endorse the SA Market Surveillance Code of Conduct, recognising its vital role in fostering integrity within the nation's financial markets.

This initiative is timely and strategic, aiming to elevate ethical conduct, transparency, and accountability across the board. The PIC's commitment to a lasting legacy and positive impact on the lives of South Africans and beyond resonates deeply with the Code's objectives, making this endorsement a natural alignment of values and a demonstration of the PIC's dedication to responsible investment practices.

As a key institutional investor, managing public sector funds, the PIC unequivocally endorses the South African Market Surveillance Code of Conduct.

The PIC recognises the Code's crucial role in promoting the integrity and credibility of the South African financial ecosystem. Developed collaboratively with industry stakeholders, this initiative demonstrates significant progress towards fostering greater market confidence, strengthening investor protection, and mitigating the risks of market abuse and manipulation perpetrated by unethical actors. The PIC believes adherence to this Code is paramount to upholding its fiduciary duty and ensuring the responsible stewardship of public assets.

The PIC recognises the collaborative effort of Investec, the Johannesburg Stock Exchange, the FSCA, SAIFM, and other key stakeholders in

developing this robust, principles-based framework. This Code offers practical guidance on vital areas, including trade surveillance, market conduct, communication oversight, algorithmic trading governance, and the proper handling of confidential information.

This Code is more than just a set of ideals; it actively strengthens the foundations of a well-governed and transparent financial system, crucial for fostering investor confidence and safeguarding the integrity of the entire system. By equipping institutions with enhanced capabilities to detect and deter misconduct, the Code ensures industry players operate with honesty, integrity, and the highest levels of skill, care, and diligence.

The PIC stands firmly in support of the Code, recognising its potential to foster a more transparent and ethical investment environment. We believe the Code's principles are vital for positive transformation within the financial sector. We urge all market participants, especially authorised exchange members and key industry stakeholders, to formally commit to becoming signatories. Widespread adoption of the Code is essential, as it will standardise expected conduct, promote ethical behaviour, and demonstrably reinforce South Africa's standing as a reliable and attractive investment destination by collectively combating market misconduct. The PIC welcomes the opportunity and invitation to play a supportive role in this journey, and commends the collective efforts undertaken to establish a more resilient and trusted financial market in South Africa.

This commitment extends to working alongside various stakeholders within the sector to ensure the consistent application of high ethical standards, transparent practices, and unwavering professionalism.

Reitumetse Kau, Senior Compliance Officer
Public Investment Corporation (PIC)



SOUTH AFRICAN MARKET SURVEILLANCE CODE OF CONDUCT

As a registered Professional Body, the South African Institute of Financial Markets (SAIFM) is dedicated to fostering excellence within the financial sector. SAIFM takes great pride in being an institution that financial market participants aspire to join, embracing its goals, high standards, professionalism, and unwavering commitment to integrity. Furthermore, SAIFM believes the financial industry will be best served if these principles are recognised and upheld by financial sector institutions, regulators, and employers alike.

SAIFM is proud to have contributed to the development of the South African Market Surveillance Code of Conduct and endorses its implementation.

We acknowledge that the core principles of the Code - including integrity, skill, care, diligence, competence, ethics, and adherence to applicable laws, rules, and codes- are aligned with SAIFM's own Code of Conduct.

By endorsing this Code, SAIFM reaffirms its commitment to ethical and professional excellence, promoting a financial market environment built on trust, accountability, and regulatory adherence.



As a long-standing supporter of this initiative, SteelEye is pleased to formally endorse the South African Market Surveillance Code of Conduct.

We've been involved from the early stages and are proud to have contributed, in some ways, to the creation of a framework that promotes fairness, transparency, and accountability in South Africa's financial markets.

The Code reflects many of the principles we champion at SteelEye - particularly the need for robust governance, integrated surveillance (section 4.3 of the Code of Conduct), and industry collaboration.

This is a meaningful step forward for market integrity in South Africa. By setting out clear expectations and encouraging best practices, the Code will help firms of all sizes strengthen their compliance capabilities and demonstrate their commitment to ethical conduct.

We believe initiatives like this are vital to building trust in financial markets in South Africa and indeed, globally and we're proud to support it.



Combatting market abuse requires a collaborative effort between the market regulators and the market participants. Authorised users of exchanges and other financial market intermediaries act as the gatekeepers to South Africa's financial markets, ensuring that the securities services they provide meet the highest standards of integrity and that potential market abuse is either stopped or detected at the gate.

The South African Market Surveillance Code of Conduct is an excellent example of how key stakeholders can work together to recognise and address threats to the safety and attractiveness of the financial markets in South Africa. Confidence in the integrity of our financial markets is enhanced when the investing public can see that all the important role players have a common objective and implement consistent high standards of conduct and compliance to prevent and detect harmful practices that negatively impact the public perception of our markets if they go unchecked.

The Code represents the best practices in market surveillance, covering the important issues that market surveillance professionals in South Africa need to consider and address as they develop and apply effective surveillance arrangements within their organisations to combat market abuse, abuse in line with South Africa's regulatory framework and international best practice.

The Banking Association South Africa (BASA) commends the market participants involved in developing a Code to simplify and assist market surveillance teams in understanding their regulatory obligations in promoting the strength of our markets for the benefit of issuers, investors, and the South African economy. We trust that all market participants will embrace the Code and what it seeks to achieve, and we hope that it will be an important guide for those who value the role that effective market surveillance plays in promoting investor confidence, for many years to come.

