

## **SECTION 3**

### **INSPECTION AND INVESTIGATIONS**

#### **3.1 Right to Inspection**

3.1.1 The Clearing House and/or SEC may conduct an inspection on a Clearing Member at any time on any matter relating to these Rules, the Clearing Member's internal policies and procedures and any other rules and regulations related to its functions as governed under these Rules.

3.1.2 Clearing Members and/or its employees and officials shall:

- (i) provide or procure for the Clearing House all information, documents, books and records the Clearing House requests for and allow the Clearing House to take copies and extracts thereof; and
- (ii) give the Clearing House full access to the relevant premises for the Clearing Member to conduct an inspection in terms of these Rules.

3.1.3 Notwithstanding any provision herein the Clearing House may require any Clearing Members to submit reports relating to their compliance with any of the provisions of these Rules if deemed to be required by the Clearing House

3.1.4 Clearing Members and/or its employees and officials shall:

- (i) not hinder or obstruct the Clearing House during an inspection; and
- (ii) give the Clearing House all assistance the Clearing House reasonably requires to conduct the inspection.

3.1.5 Where a Clearing Member, at any time fails to make or keep current the books and records required by the Clearing House, it shall notify the Clearing House of such failure on the same day, specifying the relevant books and records, and shall thereafter comply with all orders of the Clearing House.

#### **3.2 Notification of Findings**

3.2.1 The Clearing House will notify the Clearing Member concerned of the findings of the Clearing House's inspection.

3.2.2 Clearing Members shall within such time as may be stipulated by the Clearing House;

- (i) take corrective measure to address the Clearing House's findings; and
- (ii) notify the Clearing House in writing of the Clearing Member's board of directors decided course of action and corrective measures taken (if any) to address the findings of the Clearing House.

### **3.3 Right to Investigation**

- 3.3.1 The Clearing House and/or SEC may conduct an investigation on a Clearing Member/s at any time on any matter in relation to these Rules, the Clearing Member's internal policies and procedures and any other rules and regulations related to its functions as governed under these Rules.
- 3.3.4 The Clearing House is empowered to require a Clearing Member to attend before the Clearing House at any time and to give such information that is relevant to the investigation;
- 3.3.5 A Clearing Member and its employees and officials shall:
- (i) provide information/explanations as required by the Clearing House;
  - (ii) cause any officer or employee of the Clearing Member to appear before the Clearing House with necessary documents and to provide any information/explanations as may be deemed necessary by the Clearing House;
  - (iii) provide the Clearing House with any documents or records of the Clearing Member;
  - (iv) not hinder or obstruct the Clearing House during the investigation;
  - (v) give the Clearing House all assistance the Clearing House reasonably requires to conduct the investigation; and
- 3.3.6 A Clearing Member shall comply with and give effect to any decisions, recommendations, procedures and guidelines that the Clearing House may issue in exercising the powers under these Rules.
- 3.3.7 Any failure or partial failure to comply with any decisions, recommendations, procedures and guidelines referred to in Rule 3.3.4 by a Clearing Member, including any concealment of, or furnishing of false or inaccurate, information, documents or records, shall be deemed to be a breach by the Clearing Member of these Rules.

Further, such failure may, inter alia, result in the Clearing House, at its sole discretion, imposing any immediate interim measures as may be necessary, in terms of these Rules.