

Money Market Application Procedure - Version 3.0 June 2008

1. Purpose

The purpose of this document is to outline the procedures to be followed and carried out by Strate Manco and / or STRATE Supervision when performing the functions below or making recommendations to the Controlling Body to perform such functions:

- Approve applications
- Decline applications
- To withdraw, cancel or suspend any existing approval.

The function of Strate Manco is to give approval to entities applying to participate in the Money Market (“MM”) environment in the following roles:

- Issuer
- Issuer Agent
- Trader

The function of STRATE Supervision is to conduct a preliminary review of applications received from entities applying to participate in the MM environment in the role of a Participant. A recommendation is then made to the Strate Regulatory and Supervisory Committee to either approve or decline the application. Important, the Strate Regulatory and Supervisory Committee give preliminary approval i.e. it makes a recommendation to the Controlling Body who is responsible for the approval of all Participants in terms of the Securities Services Act.

2. Receipt of Applications

All applications must be marked for the attention of the Head of Supervision and handed in at / forwarded to:

9 Fricker Road,
Ground Floor.
Illovo Boulevard,
Illovo, 2196.

The following procedures will be performed by the Supervision division:

- Create a unique MM Application File containing the file checklists (Where an application is received for multiple roles, two files will be created i.e. one for Head of Supervision for all applications for the role of Participant, and one file for Head of Risk for all applications for the role/s of Issuer, Issuer Agent and Trader);
- Determine payment of the applicable application fee has been received;
- Acknowledgement letter will be sent to the entity submitting the application;

- Submit to Head of Risk all files relating to applications for the roles of Issuer, Issuer Agent and Trader.

3. Review of Application

In terms of the Securities Services Act, the Controlling Body of Strate has a responsibility to approve entities wishing to participate in the Strate environment in the capacity of a Participant only. In relation to the MM environment, this applies to both “full” Participants and “corporate” Participants. In terms of section 33 (c) of the Act, the Controlling Body must supervise compliance with the Rules by Participants.

3.1. Review by Manco

The roles of Issuer, Issuer Agent and Trader in the MM environment fall outside the scope of Strate’s regulatory responsibility. Such entities, termed Business Partners, are not approved as Participants in terms of the Act, but because of the services they provide, they have a need to interact directly with the CSD and as such must be approved by the CSD. This approval will be granted by Strate Manco.

The Head of Supervision will submit to the Head of Risk all applications for which the application fee has been received. The MM Application File, together with all documentation submitted, will be subject to a preliminary review by the Head of Risk.

Strate Head of Risk would undertake the procedures determined by Manco for the review and ultimate decline or approval of the entity in the applicable role.

Strate Manco would continually have to monitor the performance of the approved MM Business Partner so as to determine if the eligibility criteria continue to be met on an ongoing basis – failing which Manco would withdraw, cancel or suspend any existing approval.

3.2. Review by Head of Supervision

To be eligible to be accepted as a Participant, the entity must satisfy the participation eligibility criteria stipulated in Rule 3.2. Various procedures will be followed in order to ascertain that the applicant meets all the entry criteria, including *inter alia*, financial soundness and technical ability.

Once approved, the Participant would be subject to STRATE Supervision’s continuous monitoring and supervision. Any breach of the initial entry criteria or any performance contrary to the Act, Rule and Directives would be subject to the existing regulatory actions.

4. Approval of Application

4.1. Issuer, Issuer Agent and Trader

Approval of entities operating in the role of Issuer, Issuer Agent and Trader i.e. Business Partner, will be performed by Strate Manco. A summary of all such approvals will be submitted to the Strate Board quarterly.

4.2. CSD Participant

The Head of Supervision will table Participant applications with the Strate Regulatory and Supervisory Committee in either a scheduled quarterly meeting, or where required a special purpose meeting will be called. The Committee may:

- Call for additional information;
- Request an interview with the applicant;
- Preliminary approve the application and refer to the Controlling Body;
- Impose recommended conditions to an approval and refer to the Controlling Body;
- Decline the application and give reasons for the rejection. Objections to this decision must follow the procedures stipulated in Rule 3.7.7, 3.7.8 and 3.13.1.

All applications which have attained preliminary approval from the Committee will be tabled with the Controlling Body, who may:

- Call for additional information;
- Request an interview with the applicant;
- Approve the application and determine the date on which the applicant may commence operations;
- Impose conditions to an approval;
- Decline the application and give reasons for the rejection. Objections to this decision must follow the procedures stipulated in Rule 3.7.7, 3.7.8 and 3.13.1.

5. Notifications.

5.1. Notification to Applicant

If the applicant is a Participant – in terms of Rule 3.7.6.1 the Controlling Body must notify the Participant of the approval and the date on which it may commence operations.

If the application is rejected, the Controlling Body must notify the applicant and provide reasons for such rejection.

Strate Manco will follow the same procedure for all Business Partner approvals.

5.2. Notification to Market

In terms of Rule 3.7.6.2 the Controlling Body must notify all Participants within the category of participation in which the successful applicant has been accepted.

In terms of Rule 3.7.9 the Controlling Body must publish a list of Participants as updated from time to time.

Strate Manco will follow the same procedure for all Business Partner approvals.

5.3. Notification to the Financial Services Board

STRATE Supervision will notify the Financial Services Board of the outcome of all applications for participation.