

Newsflash

Corporate Actions Payments can now be processed through the South African Reserve Bank

On 5 October 2015, Strate implemented a new solution to process corporate action payments via the South African Reserve Bank (SARB). Strate has been working closely with issuers, local banks and the SARB to implement this new solution.

Strate is pleased to report that during the week of 12 October 2015, five corporate actions payments valued at R1.2 billion were processed seamlessly via the SARB.

The processing of payments via central bank funds improves liquidity management, mitigates certain risks in the market and provides numerous benefits. These include:

- Improved cash flows through the elimination of unnecessary intermediate steps and the costs associated with this;
- Greater stability within the financial market, as payments using central bank funds rather than commercial bank funds carry a much lower risk profile; and
- Efficiencies within the payment process. Once the funds have been released into the SARB's South African Multiple Option Settlement (SAMOS) system, there will no longer be timing differences in respect of the receipt of funds by each of the CSD Participants.

Strate would like to thank the issuers, banks, SARB and all other parties involved for making this milestone for the South African markets a huge success. Both the traditional and new processes will continue to be offered for the foreseeable future. Issuers are, however, encouraged to approach the Strate relationship team to explore the benefits that this new solution offers them.

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