

## **PRACTICE NOTE OF STRATE PROPRIETARY LIMITED**

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**Strate Special Gazette No: S16-2015**

**PRACTICE NOTE - DIRECTIVE SA.8 - BND REQUIREMENTS**

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## Practice note -Directive SA.8 - File Layout for Disclosure of Beneficial Ownership (BND) - Equities and Bonds<sup>1</sup>

### 1. Introduction

This Practice Note sets out an explanation for providing downloads of beneficial ownership (BND) in terms of the CSD Rules and Directive SA.8. This Practice Note applies to Nominees approved or recognised by the CSD in terms of Directive SA.7 - *(Requirements for Nominees to operate in the CSD environment)*.

### 2. Interpretation

In terms of the FSB requirements relating to Nominees, the obligations of a Nominee must be undertaken by 'the entity that wholly owns the Nominee'. As such, any obligation of a Nominee in this Practice Note shall also be deemed to be that of 'the entity that wholly owns such Nominee'.

### 3. The Practice Note

Clause 2.4 of Directive SA.8 stipulates the Beneficiary Download (BND) file layout for Nominees (approved by Strate, or approved by the FSB and recognised by Strate).

1. In this regard Nominees must obtain from their appointed Participant, the following information:-

- 1.1 A Safe Custody Account number {Srl No. 10 on the layout}
- 1.2 A Participant Registered Account number {Srl No. 11 on the layout}
- 1.3 A Bank Identification Code if available or  
or unique number as agreed with participant {Srl No. 6 on the layout}

2. Upon provisional approval or recognition of a Nominee, the Nominee must submit the following information to STRATE Supervision and Strate Asset Services:-

- 2.1. The registered name of the Nominee;
- 2.2. The postal and physical address of the Nominee; and
- 2.3. The name, contact telephone number and e-mail address of a contact person at the entity that wholly owns the Nominee.

On receipt of the above information, Strate will issue a Business Partner Identifier Number (BP ID) {Srl No. 4 on the layout} to the Nominee.

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<sup>1</sup> The Practice Note has been amended with effect from 3 November 2015

3. The Nominee must be in a position to produce:
  - 3.1. A separate beneficial download file (BND) for every Participant Registered Account number {Srl No. 11 on the layout} loaded in the production environment. The BND file layout is specified in clause 2.4 of Directive SA.8;
  - 3.2. All the ISINs held by the Clients in the Nominee as at the End of Day on every Friday evening or last working Friday in the month. If the Friday falls on a public holiday it would be the last business day before such Friday.
  - 3.3. For ad-hoc BND requests, produce specified ISIN/ISINs at a particular Holding Date. Where possible, Strate will advise the Nominee by e-mail two days prior to the Holding Date.

The Nominee must produce one file for every Participant Registered Account number. The file must contain all the ISIN's requested in the advice from Strate. The ISIN's are to be listed under the Nominees beneficiary account numbers.

**NOTE:**

At present the BND files cater for dematerialised JSE listed Bonds (monthly) and Equity (weekly) ISINs, this includes warrants. The BND file must include ISINs which have been suspended but not those which have been delisted. A list of the ISINs can be obtained from the JSE and arrangements must be made to keep the list up to date.

4. Before formal BND file submission can commence, the Nominees must:-
  - 4.1. Liaise with the Strate Testing Department with regard to the arranging a formal testing schedule of their BND file submission and only once the file has been satisfactorily tested with Strate and signed off, will:
    - 4.1.1. the Nominee application in respect of a Participant Nominee, be submitted to the Strate Regulatory and Supervisory Committee for consideration. If the application is approved by the Committee then a implementation date into production will be scheduled; or
    - 4.1.2. the Nominee application in terms of FSB approved Nominees be considered by STRATE Supervision and a production implementation date will be scheduled.
5. The current procedures for providing a live BND file are as follows:
  - 5.1. Strate will advise the Nominee by e-mail of the Holding Date for the disclosure.
  - 5.2. The Nominee is required to submit to Strate the BND files in a secured manner (FTP) by 11H00 on the business day following the Holding Date (HD+1). An e-mail advising the Nominee of the BND Holding Date will confirm the Strate contact person and e-mail address to whom the files must be sent.
  - 5.3. Once all the files are received Strate will trigger the BND run. The Strate BND run collates the data received and produces RPBD001 reports (Validity errors) and RPBD002 reports (Reconciliation errors) for the respective Nominees. These reports indicate that the BND input file has failed either format validation or reconciliation.
  - 5.4. The error reports produced are e-mailed by Strate to the CSD Participant and Nominee where applicable.

6. The Nominee must in respect to the error reports received from Strate take the following action:
  - 6.1. Send correcting files to Strate in a secured manner (FTP) within 1 hour of being advised of the error/s. The file name and Holding Date within the BND file must remain the same. The only field within the BND file which changes is the Preparation Date {Srl No. 7 in the layout}.
  - 6.2. Steps 5.2 to 6.1 above are repeated until such time as “clean” error reports are produced.
7. The final BND run is then triggered by Strate. This produces the necessary files for the Issuers and Transfer Secretaries.

**For any further information contact:**

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**NOTE:<sup>2</sup>**

*In light of the importance of the matters above, Strate’s Legal and Regulatory Division has issued this Practice Note to assist in dealing with highly complex issues. Please note that this Practice Note is issued for your information, with the aim of assisting you in interpreting the legal and regulatory requirements, but do not form part of the CSD Rules and Directives. It must therefore be noted that, notwithstanding the Practice Note, readers should still exercise their own judgments regarding the information and interpretation.*

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<sup>2</sup> Note inserted with effect from 3 November 2015