

PRACTICE NOTE OF STRATE PROPRIETARY LIMITED

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PRACTICE NOTE - CD TRANSFERS

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Practice note - CD Transfers¹

This Practice Note sets out the use of CD Transfers.

A CD Transfer is the movement of Securities by Participants from one Central Securities Account (including Segregated Depository Accounts) to another Central Securities Account on the CSD's Bonds system.

The CD Transfer functionality is utilised under normal conditions only for the following transaction types:

- Account Transfers,
- Portfolio Movements,
- Collateral,
- Collateral Return, and
- Securities Lending and Borrowing.

CD Transfers are Free of Value transfers.

CD Transfers should not be used to resolve settlement problems where Participants receive late client instructions.

Under exceptional circumstances or in the case of a technical difficulty or settlement issue, the CSD may sanction the use of this function. The management thereof remains under the control of the CSD. In these exceptional circumstances, the CSD will charge the applicable fees as determined by, and published on the official website of the CSD from time to time.

Approval will be considered in consultation with the Head of Operations.

NOTE:²

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.

¹ Practice Note amended with effect from 3 November 2015

² Note inserted with effect from 3 November 2015