

Debt Instrument Solution Project Market Flash

Strate to implement a new bond market clearing, settlement and asset servicing system for South Africa

Strate, in conjunction with its stakeholders, is embarking on a journey that will transform the bond market with the implementation of the new Debt Instrument Solution (DIS) Project on the TCS BaNCS Market Infrastructure product.

The project is a significant development for the South African market as it is not only a replacement of the current technology, but also the implementation of a new bond clearing, settlement and asset servicing model utilising a Securities Ownership Register (SOR).

Strate, together with the market, finalised a blueprint and business requirement specifications. To date the development of this solution at Strate has been completed and the market is in the process of development. Strate will shortly commence with a rigorous set of internal testing phases. Once that is complete, Strate will test the product with South African market participants in Q3 2016.

It has been agreed that the implementation of this new system and market practice will be in Q1 2017. The new advanced technology for the bonds clearing and settlement system will take the entire market forward using global best practice and standards.

The new bond technology aims to:

- Reduce business risk;
- Provide operational flexibility to configure and control various business processes;
- Support current and new CSD Participants and the broader market's growing needs;
- Be flexible to settle all three Bank for International Settlements' (BIS) settlement models;
- Cater for international links with other Central Securities Depositories;
- Have multiple settlement runs to minimise failure; and
- Provide the ready support for Segregated Depository Accounts (SDAs) and Securities Ownership Register (SOR).

Strate operates in a high-value market, and with a number of exciting developments on the horizon, we believe that the implementation of an advanced system will cater for the future needs of the market. Due to the fact that this is a significant change for the market, Strate will be circulating educational material and newsflashes in due course. Strate will also conduct roadshows both locally and internationally over the next eight months which will provide more in depth knowledge of the market changes.

For more information contact dis@strate.co.za

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