

# Directive of Strate (Pty) Ltd

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Special Gazette No W1-2017  
Strate Directive SF.8

Fines Schedule – On-Exchange and Off-Exchange – EESE

**strate**

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**To cater for the imposition of fines by Strate for the contravention of Strate Directive SJ.1 – Operational Market Windows and Securities Processing – Equity Securities – EESE**

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## 1 INTERPRETATIONS AND DEFINITIONS

In this Strate Directive, any interpretation, word, or expression to which a meaning has been assigned in the Strate Rules bears the meaning so assigned to it.

‘Authorised User’ means a person authorised by EESE Exchange in terms of the EESE Exchange rules to perform such Securities services as the EESE Exchange rules may permit;

‘Business Partner’ means an entity which is not a Participant and which electronically interfaces with Strate to perform an essential market function;

‘Corporate Action or Corporate Event’ means an action taken by an Issuer or any other entity or third party which affects the owners of Securities in terms of entitlements or notifications;

‘EESE’ or ‘EESE Exchange’ or ‘the Exchange’ means Equity Express Securities Exchange Proprietary Limited (registration number 2015/197820/07);

‘On-Exchange Trade’ or ‘On-Exchange’ means a transaction in Securities executed on the EESE Exchange;

‘Portfolio Movement’ means a free of payment transfer, resulting in no change in beneficial ownership, of a Client’s Securities portfolio when such Client changes service providers. The Portfolio Movements may take place between two Participants and/or two Authorised Users;

‘Record Date (RD)’ means the date on which the holdings, upon which the Corporate Action entitlement is based, are ascertained;

‘S’ means Settlement date, the day on which a transaction in a particular Security is Settled through Strate;

‘Same Day Settlement’ or ‘Same Day’ means a transaction booked to Strate on the same day on which Settlement occurs, irrespective of the actual trade date;

‘Strate System’ means the computer system or systems and associated network or networks operated or used by Strate for the purpose of Clearing and Settlement of transactions in Securities, or any other purpose performed by Strate in terms of the Act;

‘Strate Operations’ means the operations division of Strate responsible for communication between Participants, Exchanges and Strate relating to Settlement operations;

‘STRATE Supervision’ means the Supervision Division of Strate headed by the Head of STRATE Supervision and set up by the Controlling Body in terms of the Strate Rules;

‘T’ means trade date, the day on which a particular transaction was entered into; and

‘T+X’ means trade date plus X Business Days, ‘X’ being the number of Business Days stipulated in the Strate Directive.

## 2 APPLICATION

- 2.1 The following fines, which do not attract Value Added Tax, may be levied on the Participant by Strate for contravention of Strate Directive SJ.1 - *Operational Market Windows and Securities Processing – Equity Securities – EESE*.
- 2.2 Notwithstanding the imposition of a fine in terms of this Strate Directive, further penalties may be imposed against the Participant in terms of the Strate Rules.
- 2.3 Where any time is stipulated by Strate Directive, the time as reflected in the Strate system is applicable.

## 3 FINES

CONTRAVENTION	SJ.1 CROSS-REFERENCE	FINE
<p><b>3.1 Late reporting of transactions in respect of:</b></p> <ul style="list-style-type: none"> <li>Portfolio Movements (Client type 31).</li> <li>Portfolio Movements on Record Date where there is a pending Corporate Action reported after 17h00 on S (Client type 31).</li> <li>Corporate Action transactions reported after 14h00 on S for transactions involving payment; and after 18h00 on S for free of payment transactions (Client type 23).</li> </ul>	<p>Par 3.3.2</p> <p>Par 3.3.4.2</p> <p>Par 6.2</p>	<p>R1 000 per transaction leg reported to Strate after the set time parameter.</p>
<p><b>3.2 Late committing to transactions in respect of:</b></p> <ul style="list-style-type: none"> <li>On-Exchange Trades.</li> <li>Portfolio Movements (Client type 31).</li> <li>Portfolio Movements on Record Date where there is a pending Corporate Action committed to after 17h00 on S (Client type 31).</li> <li>Corporate Action transactions committed to after 14h00 on S for transactions involving payment; and after 18h00 on S for free of payment transactions (Client type 23).</li> </ul>	<p>Par 2.2.8 and 2.2.9</p> <p>Par 3.3.2</p> <p>Par 3.3.4.2</p> <p>Par 6.2</p>	<p>R1 000 per transaction leg committed to after the set time parameter.</p>
<p>3.3 Portfolio Movements are permitted provided that there is no change in beneficial ownership.</p>	<p>Par 3.3.3</p>	<p>R1 000 per transaction leg that is reported to Strate with the taxable indicator as “yes”.</p>
<p>3.4 Portfolio Movements must be processed with the free of payment Settlement type.</p>	<p>Par 3.3.5</p>	<p>R1 000 per transaction leg that is reported and settled to Strate against payment.</p>

<b>3.5 Further Contraventions</b>		
3.5.1 Where an individual transaction results in a contravention of this Strate Directive any further contravention arising from the same incident, may result in further fines.		
3.5.2 Where a batch of transactions results in a contravention of this Strate Directive, a fine may be imposed for each transaction within the batch.		

#### **4 PAYMENT AND PUBLICATION OF FINES**

- 4.1 The Participant must, unless it has lodged an objection in terms of 4.2, pay the fines stipulated by this Strate Directive within 20 (twenty) Business Days of receipt of the monthly confirmation by STRATE Supervision of the fines incurred in that month by such Participant.
- 4.2 Where the Participant wishes to object to a fine imposed by Strate, it must lodge such objection in writing, supported by mitigating evidence, within 5 (five) Business Days of receipt of notification of the fine.
- 4.3 Strate may, at the discretion of the Regulatory and Supervisory Committee, publish the circumstances giving rise to (and the details of) any fine imposed on the Participant in terms of this Strate Directive.

#### **5 TECHNICAL DIFFICULTIES**

- 5.1 Where technical difficulties impair the Participant’s ability to perform within the stipulated time frames, such difficulties may only be taken into account as mitigation where the entity has advised Strate Operations timeously of such difficulties.