

Directive of Strate (Pty) Ltd

Special Gazette No Y1 - 2020

Strate Directive SH.2

Operational Market Windows and Securities
Processing - Bond Securities – ¹Cape
Town Stock Exchange (CTSE)

The logo consists of the word "strate" in a bold, lowercase, sans-serif font, centered within a white rectangular border. The background of the page is split diagonally from the top-left to the bottom-right. The upper-left portion is a dark grey, and the lower-right portion is black. A teal triangle is visible in the bottom-right corner of the page.

strate

¹ Amended with effect 13 October 2021

To cater for the Settlement of transactions in bond Securities traded on ²CTSE; to cater for the processing of capital events; to cater for voting; and to cater for other related matters

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² Amended with effect 13 October 2021

1. INTERPRETATION AND DEFINITIONS

1.1 Types of Transactions:

DVP – Delivery Versus
Payment RVP – Receive
Versus Payment DFP –
Deliver Free of Payment
RFP – Receive Free of
Payment

1.2 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.

³'CTSE' or 'the Exchange' means ⁴Cape Town Stock Exchange Proprietary Limited (registration number 2013/031754/07);

'BOD' means 'Beginning of Day' and is the time as stipulated in this Strate Directive;

'Capital 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;

'CSA' means Central Securities Account;

'EOD' means 'End of Day' and is the time as stipulated in this Strate Directive;

'On-Exchange Trade' or 'On-Exchange' means a transaction in Securities executed on the ⁵CTSE;

'S' means Settlement date, which is the Business Day on which a transaction in a particular Security is Settled through Strate;

'Strate Operations' means the operations division of Strate responsible for communication between Participants, Exchanges, Authorised Users, SARB and Strate relating to Settlement operations;

'T' means trade date, the day on which a particular Security was traded; and

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

³ Amended with effect 13 October 2021

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Operational Market Windows and Securities Processing – Bond Securities – Cape Town Stock Exchange

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2. SETTLEMENT OF ON-EXCHANGE TRADES

2.1 General

2.1.1 The following are the basic considerations and assumptions on which the operational timings in this Strate Directive are based:

2.1.1.1 the timings are those established in the Strate System;

2.1.1.2 for all incoming messages, it is 'Received Time' by the Strate System;

2.1.1.3 for all outgoing messages, it is 'Sent Time' by the Strate System; and

2.1.1.4 for internal processing, it is 'Processing Time' by the Strate System.

2.1.2 The Participant must open at least one CSA at Strate.

2.2 Operational Timings

The following operational timings apply in respect of the Settlement of transactions in bond Securities traded on the⁶ CTSE. These operational timings are based on the assumptions and considerations provided in sub-section 2.1.

2.2.1 The Strate System BOD is run at 03h00. The Strate System EOD is at 19h00. Should ⁷CTSE or the Participant require Strate to move the EOD parameter beyond 19h00, the requestor needs to inform Strate in writing by no later than 17h30 on such day.

2.2.2 The Settlement cycle for ⁸CTSE On-Exchange Trades is T+0. ⁹CTSE sends new On-Exchange Trades to Strate from 09h00 to 16h30 on T. ¹⁰CTSE sends corrective On-Exchange Trades to Strate up to 17h30.

2.2.3 Strate will send to the Participant new and corrective On-Exchange Trades received in terms of 2.2.2, upon receipt of such On-Exchange Trades from ¹¹CTSE.

2.2.4 The Participant may reject On-Exchange Trades received from Strate. If On-Exchange Trades are rejected by the Participant, ¹²CTSE may amend the On-Exchange Trades by

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⁷ Amended with effect 13 October 2021

⁸ Amended with effect 13 October 2021

⁹ Amended with effect 13 October 2021

¹⁰ Amended with effect 13 October 2021

¹¹ Amended with effect 13 October 2021

¹² Amended with effect 13 October 2021

way of a cancellation from 09h00 up to 17h30.

2.2.5 The Participant must ensure that an instruction is received from its Client prior to committing to On- Exchange Trades.

2.2.6 Subject to 2.2.3 and 2.2.4, the Participant must process commitments to On-Exchange Trades upon receipt of such On-Exchange Trades from Strate. If the Participant is unable to commit to the On- Exchange Trades, it must inform Strate Operations and ¹³CTSE of its intentions and reasons for failing to process commitments. Commitments to On-Exchange Trades must reach Strate by 17h45 on S.

2.2.7 Participants may “un-commit” to On-Exchange Trades prior to 17h45 on S, provided that such trades have not settled.

2.2.8 Strate will process Settlement on S upon receipt by Strate of the Participant's commitments to On- Exchange Trades. Strate sends Settlement confirmation messages to the Participant and ¹⁴CTSE once Settlement is completed.

2.2.9 The Participant must reconcile its Securities positions in the Strate System. For this purpose, the Strate System generates a statement of holdings message at 18h00 on a daily basis or only on such days when there has been a change in Securities positions in a CSA, as required by Participants, and sends it to the Participant. In case of any discrepancies, the Participant is required to request the audit trail details by requesting a statement of transactions message.

¹³ Amended with effect 13 October 2021

¹⁴ Amended with effect 13 October 2021

3 DEMATERIALISATION AND REMATERIALISATION

3.1 Dematerialisation

Dematerialisation must be processed in accordance with Strate Directive SB.2 – *for Conversion of Certificated Securities to Uncertificated Securities and Vice Versa – Bond Securities.*

3.2 Rematerialisation

Rematerialisation must be processed in accordance with Strate Directive SB.2 – *Procedure for Conversion of Certificated Securities to Uncertificated Securities and Vice Versa – Bond Securities.*

4. MOMENT OF FINALITY OF INSTRUCTIONS

The Moment of Finality of Instructions referred to in the Strate Rules is the moment immediately preceding Settlement.

5. PROCESSING OF CAPITAL EVENTS

Capital Events must be processed in accordance with Strate Directive SD.3 – *Processing of Capital Events – Bond Securities*.

6. VOTING PROCEDURES

Voting must be processed in accordance with Strate Directive SD.4 – *Voting – Bond Securities*.

7. DISCLOSURE OF BENEFICIAL OWNERSHIP (BND)

The disclosure of beneficial ownership must be processed in accordance with Strate Directive SA.8 – *File Layout for Disclosure of Beneficial Ownership (BND) – Equity and Bond Securities*.