

Directive of Strate (Pty) Ltd

Special Gazette Number [Y2-2021]
Strate Directive SH.5

Operational Market Windows for Open
Market – Bond Securities – ¹Cape Town
Stock Exchange (CTSE)

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 settlement of Off-Market transactions; to cater for the processing of corporate actions; and to cater for other related matters

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² Amended with effect from 13 October 2021

1. INTERPRETATIONS AND DEFINITIONS

1.1 Settlement Types:

- 1.1.1 DVP – Delivery Versus Payment
- 1.1.2 RVP – Receive Versus Payment
- 1.1.3 DFP – Deliver Free of Payment
- 1.1.4 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);

‘Account Transfer’ means a free of payment transfer, resulting in no change in beneficial ownership, between a Client’s Securities Accounts or Central Securities Account, either at a single Participant or between Participants;

‘Back-to-Back Link’ or ‘Back-to-Back’ means the functionality which links two or more Settlement orders of the same Settlement date, and where the delivery of Securities is dependent upon the successful receipt of the same Securities. The criteria for applying these links are that the Securities, the Settlement date and the CSA must be the same for all the Settlement orders within the link;

‘BOD’ means “Beginning of Day” and is the time as stipulated in this Strate Directive;

‘Books Closed Period’ means the time between Record Date and Payment Date during which time any transaction in a Security excludes the right to receive entitlements relating to the relevant Capital Event;

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

‘Capital Event Information’ means the essential terms of the Security, including Interest Payments, Redemption, RD, PD, tax or any other information as stipulated by the Issuer;

‘CMFE’ means the Centralised Messaging Front End;

‘Collateral Account’ means a Securities Account or Central Securities Account, or a balance in a Securities Account or Central Securities Account, in which a Client places Securities available for the purpose of a Collateral Agreement;

‘Collateral Agreement’ means an agreement between a Collateral Provider and a Collateral Taker, in terms of which a Collateral Provider grants or transfers an interest in Securities to a Collateral Taker, whether by means of a pledge, cession in securitatem debiti (cession to secure a debt) or an out-and-out cession (outright transfer), in order to secure the performance of relevant obligations;

‘Collateral Provider’ means a person who grants or transfers an interest in Securities to a

³ Amended with effect 13 October 2021

⁴ Amended with effect 13 October 2021

Collateral Taker under a Collateral Agreement;

‘Collateral Return Transaction’ means a transaction where Securities are returned by the Collateral Taker to the Collateral Provider under a Collateral Agreement;

‘Collateral Taker’ means a person to whom an interest in Securities is granted or transferred by a Collateral Provider under a Collateral Agreement;

‘Collateral Transaction’ means a transaction affecting the granting or the transfer of an interest in Securities to a Collateral Taker by a Collateral Provider under a Collateral Agreement;

‘CSA’ means Central Securities Account;

‘Dematerialisation’ means the process of converting certificated Securities to Uncertificated Securities;

‘Dependency Link’ means the functionality which links two or more Settlement orders of different Settlement dates, and where the delivery of Securities is dependent upon the successful receipt of the same Securities. The criteria for applying these links are that the Securities and CSA must be the same for all the Settlement orders within the link;

‘EOD’ means “End of Day” and is the time as stipulated in this Strate Directive;

‘Failed Trade’ means a transaction in Securities which ⁵CTSE deems to be a failed trade on the basis that neither the Client nor Member is able to ensure that such transaction will Settle on the Settlement date or any revised Settlement date;

‘Interest Payments’ means income payments due to the holders of Securities as stipulated in the Capital Event Information or as stipulated by the Issuer;

‘Issuer Agent’ means any person appointed by an Issuer to act as its agent in the performance of the functions set out in this Strate Directive;

‘ISIN’ means the International Securities Identification Number which is a unique internationally recognized Securities identification number that identifies the specific Security;

‘Lending Account’ means a Securities Account or Central Securities Account, or a balance in a Securities Account or Central Securities Account, in which a Client places Securities available for lending to the market;

‘Lending Account Transfer’ means an Account Transfer from a Client’s Securities Account or Central Securities Account to the Client’s Lending Account, and vice versa;

‘Member’ means an authorised user, being a person authorised by an Exchange in terms of the Exchange rules to perform such Securities services as the Exchange rules may permit;

‘Member Settled Client’ means a Client who has appointed a Member to Settle transactions in bond Securities on his behalf via the Participant of the Member;

‘Member Settled Client Deal’ means a transaction which has been booked to a Member Settled Client’s account;

⁵ Amended with effect 13 October 2021

‘MT XXX’ means the applicable SWIFT message type as identified by SWIFT from time to time;

‘Non-member Settled Client’ means a Client other than a Member Settled Client who has appointed his own Participant to Settle transactions in bond Securities on his behalf;

‘Non-member Settled Client Deal’ means a transaction which has been booked to a Non-Member Settled Client’s account;

‘Payment Date’ means the date on which entitlements are paid;

‘PD+X’ means the Payment Date plus X Business Days, ‘X’ being the number of Business Days stipulated in the Announcement and or Strate Directive;

‘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, two Members, two Investment managers or a combination thereof;

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

‘Redemption’ or Redemption Payments’ means the repayment to investors by an Issuer of the principal or other applicable amount as specified by the Issuer;

‘RD+X’ means the Record Date plus X Business Days, ‘X’ being the number of Business Days stipulated in the Announcement and or Strate Directive;

‘RD-X’ means the Record Date minus X Business Days, ‘X’ being the number of Business Days stipulated in the Announcement and or Strate Directive;

‘Rematerialisation’ means the process of converting Uncertificated Securities to certificated Securities;

‘Rolling of Settlement’ means the process initiated by ⁶CTSE in terms of which the settlement date of a transaction in Securities is postponed to a later date;

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

‘S-X’ means Settlement date minus X Business Days, ‘X’ being the number of days stipulated in the Strate Directive;

‘Same Day Settlement’ means a T+3, T+2, T+1, T+n, Account Transfer, Portfolio Movement, Collateral Account Transfer or Lending Account Transfer transaction reported to Strate on the same day on which Settlement occurs;

‘Same Day Trade’ or ‘T+0’ means a transaction in respect of which the trade date equals the Settlement date;

‘Securities Generic Category’ means the broad category of debt Securities based on certain common broad fundamental characteristics underlying the different types of Securities issued. The four categories are:

⁶ Amended with effect 13 October 2021

- Category 1 – Discount Securities;
- Category 2 – Fixed coupon rate; fixed maturity date;
- Category 3 – Variable coupon rate; fixed maturity date; and
- Category 4 – Variable coupon rate; maturity date (optional);

‘Securities Lending Business Partner’ means a Business Partner that reports Securities Lending Transactions, Securities Lending and Borrowing Return Transactions, Collateral and Collateral Return Transactions;

‘Securities Lending Transaction’ or ‘Securities Lending and Borrowing Transaction’ means an arrangement in terms of which a person (lender) lends Securities to another person (borrower) subject to the borrower agreeing to return the loaned Securities within a certain time period. Once the loaned Securities have Settled, ownership and other rights attached to the Securities are transferred to the borrower. The borrower has the right to sell or re-lend the (borrowed) Securities during the life of the loan. In return, the borrower agrees to compensate the lender for any Capital Event distributions in respect of the Securities which that lender would have been entitled to receive during the period had the arrangement not been entered into;

‘Securities Lending and Borrowing Return Transaction’ means the return of Securities which had been loaned in terms of a Securities Lending and Borrowing Transaction;

‘Settlement Bank’ means a bank which is a settlement system participant in SAMOS and is responsible for funding the SAMOS CBPL (continuous batch processing line) for the Settlement of transactions;

‘Strate Corporate Actions’ means the department within Strate responsible for communication between Participants, Business Partners, Exchanges and Strate relating to Capital Events;

‘Strate Settlement Services’ means the department within Strate responsible for communication between Participants, Business Partners, Exchanges, SARB and Strate relating to Settlement services;

‘SWIFT’ means Society for Worldwide Interbank Financial Telecommunications;

‘T’ means trade date, the day on which a particular Security was traded;

‘T+n’ means trade date plus n Business Days, ‘n’ being the number of Business Days agreed by the parties for transactions that have a Settlement cycle that is greater than T+3;

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

‘Unlisted Securities’ means Securities that are not listed on an Exchange.

- 1.3 Days are calculated in South African Business Days. Where a transaction occurs on a non-South African Business Day, the day of such transaction is deemed to be the next South African Business Day following such non-South African Business Day.

2. GENERAL

- 2.1 The following are the basic considerations and assumptions on which the operational timings are based:
 - 2.1.1 the timings are those established in the Strate System;
 - 2.1.2 for all incoming messages, it is 'Received Time' by the Strate System;
 - 2.1.3 for all outgoing messages, it is 'Sent Time' by the Strate System;
 - 2.1.4 for internal processing, it is 'Processing Time' by the Strate System; and
 - 2.1.5 the same rules will apply to On-market and Off-market transactions.
- 2.2 Each Participant must have at least one Central Securities Account at Strate.
- 2.3 The timings on transaction acceptance, confirmations and commitments, as provided in this document, are event driven and not driven by system controls. As a result it is possible that the Strate System might accept inputs beyond these timings. Such acceptances should not be seen as an assurance that the transactions will Settle. Transactions captured outside the operational parameters may result in the levying of a fine against the Participant or Business Partner responsible.

3. OPERATIONAL TIMINGS AND PERIODS

The following operational timings are provided in this section, which are based on the assumptions and considerations provided in section 2.

3.1 Strate System

- 3.1.1 The Strate System BOD is run at 03h00. Strate informs the Exchange, Participants and Business Partners where there is a change in the timing of the BOD process.
- 3.1.2 If BOD is delayed beyond 03h00, shifting or compression of the rest of the Settlement and system activities take place as per Strate's business continuity plan, where applicable.
- 3.1.3 The start time of SAMOS is not controlled by the Strate System or Strate.
- 3.1.4 The Strate System EOD is at 19h00. Should an Exchange, Business Partner or Participant require the parameter to be moved beyond 19h00, the requestor needs to inform Strate in writing by no later than 17h30 on the date for which the request is made.
- 3.1.5 It is the responsibility of the Participants to reconcile their Securities' positions in the Strate System. For this purpose, the Strate System generates a statement of holdings message daily at 18h00 and sends it to Participants. In case of any discrepancies, the Participants are required to request the audit trail details by requesting a statement of transactions message.

3.2 Transaction Reporting

- 3.2.1 ⁷CTSE reports transactions to Strate between 09h00 and 17h00 on any Business Day. ⁸CTSE sends corrective On-Market trades to Strate between 09h00 and 18h00 on any Business Day. The Settlement cycles for ⁹CTSE transactions are T+3, T+2, T+1, T+n or T+0. The following timelines will apply to ¹⁰CTSE and its Members:
 - 3.2.1.1 transactions on a T+1 Settlement cycle must be reported to Strate by 18h00 on S-1;
 - 3.2.1.2 T+0 transactions must be reported to Strate by 12h00 on S; and
 - 3.2.1.3 any change, correction or adjustment to a reported T+2, T+3 or T+n transaction, must be completed by 18h00 on T+1; and by the applicable commit cut-off time for T+1 and T+0 transactions.
- 3.2.2 The ¹¹CTSE System sends transactions to the Strate System in real time. The ¹²CTSE System sends any cancellations to Strate between 09h00 and 18h00, and these are sent by Strate to Participants as cancellations.
- 3.2.3 The Strate System sends Settlement orders to Participants in real time, upon receipt

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

from ¹³CTSE.

- 3.2.4 Settlement orders received from ¹⁴CTSE after EOD are sent to Participants as part of the BOD process for the following Business Day.
- 3.2.5 ¹⁵CTSE may report to Strate Failed Trade transactions and Rolling of Settlement from 12h00 on S.

3.3 Commitment to Settlement

- 3.3.1 Participants commitments to Settlement orders must be processed by:

- 3.3.1.1 19h00 on S-1 for all T+3, T+2, T+1 and T+n transactions executed on ¹⁶CTSE, unless there is a direct or indirect dependency on an Off-market transaction to which an exception applies in terms of clause 5.2.1 of this Strate Directive; and

- 3.3.1.2 13h00 on S for T+0 transactions executed on CTSE.

If Participants are unable or not in a position to commit to the Settlement orders, they must inform Strate Settlement Services and CTSE of their intentions, or reasons, in respect of Non-Member Settled Client Deals.

- 3.3.2 Participants may “un-commit” to Settlement orders or remove Back-to-Back Links prior to 08h30 on S without permission. In the event that a Participant intends to un-commit to a transaction or remove a Back-to-Back Link after 08h30 on S, then:

- 3.3.2.1 the requesting Participant must send a written request to Strate Settlement Services and the counterparty Participant;

- 3.3.2.2 the counterparty Participant must send a written acceptance of the request to Strate Settlement Services; and

- 3.3.2.3 Strate Settlement Services reviews both the request and the acceptance and, in consultation with ¹⁷CTSE, may open the un-commit window or Back-to-Back Links removal window for a maximum of 30 (thirty) minutes and permit the requesting Participant to un-commit.

- 3.3.3 Participants must put in place Back-to-Back Links for all On-market transactions, except T+0 transactions, by 19h00 on S-1; and by the applicable commit cut-off time for T+0 transactions. If a Dependency Link is created for un-committed transactions, it must conform to the commit cut-off applicable to each linked transaction.

- 3.3.4 In the event of an On-market transaction being impacted by ¹⁸CTSE’s Failed Trade management process, Strate will extend the operating windows to enable Participants to un-commit, commit, create Back-to-Back or Dependency Links, or remove Back-to-Back Links.

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¹⁵ Amended with effect 13 October 2021

¹⁶ Amended with effect 13 October 2021

¹⁷ Amended with effect 13 October 2021

¹⁸ Amended with effect 13 October 2021

3.4 Back-To-Back Removal

From 09h00 on S, Strate Settlement Services will review the potential Back-to-Back Links to be removed, in consultation with ¹⁹CTSE and Participants. At 13h00 on S, Strate Settlement Services will notify Participants of the final list of Back-to-Back Links to be removed, and a Participant must remove these Back-to-Back Links between 13h00 and 13h15 on S, and process re-commitments to the remaining transactions within 30 (thirty) minutes.

3.5 Moment of Finality of Instructions

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

3.6 Settlement Runs

3.6.1 Settlement runs are initiated by Strate as required. Strate initiates the first Settlement run at 09h30, and initiates subsequent Settlement runs every hour, at hourly intervals, or as required under exceptional circumstances. The last Settlement run is initiated at 15h15, or as required under exceptional circumstances. Participants may only request Strate to delay the last Settlement run under exceptional circumstances.

3.6.2 Participants must instruct their Settlement Bank to fund the applicable SAMOS accounts within 30 (thirty) minutes of their receipt of the payment advice from Strate.

3.7 Failed Transactions

3.7.1 Only the following transactions executed on ²⁰CTSE will be allowed to fail in Strate:

3.7.1.1 transactions that are un-matched;

3.7.1.2 transactions that are reported but are short of Securities; and

3.7.1.3 Settlement which is not funded during the specified Settlement window.

4. ON-MARKET OPERATIONAL TIMELINES TABLE

Transaction Type		Settlement Cycle	Reporting Time	Commit Time
On-market (T+3)	Transactions	T+3	End of Day T	19h00 (S-1)
On-market (T+2)	Transactions	T+2	End of Day T	19h00 (S-1)
On-market (T+1)	Transactions	T+1	18h00 (S-1)	19h00 (S-1)
On-market (T+n)	Transactions	T+n	End of Day T	19h00 (S-1)
On-market (T+0)	Transactions	T+0	12h00 (S)	13h00 (S)

¹⁹ Amended with effect 13 October 2021

²⁰ Amended with effect 13 October 2021

On-market Transactions on RD (T+0)	T+0	12h00 (S)	13h00 (S)
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Other Settlement Windows	Timelines
Back-to-Back addition time – All transactions (except T+0)	19h00 (S-1)
Back-to-Back addition time –T+0 transactions	13h00 (S)
Back-to-Back addition time – T+0 transactions on RD	13h00 (S)
Back-to-Back removal time – All transactions (except T+0)	08h30 (S)
Back-to-Back removal time – T+0 transactions	13h15 (S)
Un-commit time – On-market/Off-market transactions	08h30 (S)
Moment of Finality of Instructions	Before every Settlement run
First Settlement run	09h30
Subsequent Settlement runs	Every hour, at hourly intervals (or as required under exceptional circumstances)
Last Settlement run	15h15

5. SETTLEMENT OF OFF-MARKET TRANSACTIONS

5.1 The matching criteria for all Off-market transactions (all Client types) consists of first and second level matching

5.1.1 The first level matching is:

- ISIN
- Settlement type (RVP/DVP/RFP/DFP)
- Securities quantity
- Trade date
- Settlement date
- Trading party's / counterparty's Client Securities Account number
- Trading party's / counterparty's Participants' BPID (Business Partner identification number)

5.1.2 The second level matching is:

- Client type
- Consideration / Rand amount (for tolerance level, see section 12 of this Strate Directive)

5.2 Transaction Reporting

5.2.1 Off-market transactions for Client types "00" and "55" may conform to a T+3, T+2, T+1 or T+0 Settlement cycle. Off-market transactions for Client type "00" may conform to a Same Day Settlement cycle subject to permission being granted by the head of Strate Operations based on criteria determined by the Controlling Body, or under exceptional circumstances.

5.2.2 Off-market transactions are reported by the seller and purchaser of Securities to the relevant Participant.

5.2.3 Participants must report to Strate, and match all Off-market transactions, except for T+0 transactions for Client types "00" and "55" and Same Day Settlement for Client

type “00”, by 18h00 on S-1.

- 5.2.4 A Participant must report to Strate all internal Off-market transactions, where the Participant is Settling both legs of the transactions.
- 5.2.5 In the event that a Participant receives an Off-market transaction instruction after the cut-off for reporting transactions to Strate, or the transactions do not Settle by the original Settlement date, the Participant may facilitate the Settlement process by reporting the Off-market transaction instruction to Strate for the next available Settlement date. This facilitation process may continue for a maximum of 9 (nine) Business Days after the trade date of the original instruction for Client type “00”, after which the original instruction must be cancelled. The Participants are not permitted to amend the trade date of the original instruction.
- 5.2.6 Instructions reported incorrectly to Strate must be cancelled or corrected and not left to fail in the system. Corrections of all Off-market transactions must be made prior to the reporting deadline applicable to such transactions. Cancellations of uncommitted transactions are permitted until S.
- 5.2.7 A Participant may use the 'Query Facility' in CMFE available to it, in order to monitor its own transactions and check the transactions reported against it.
- 5.2.8 If a transaction is reported against a Participant who does not have the requisite instruction, then the Participant must confirm the transaction with their Client and counterparty.

5.3 Commitment to Settlement

- 5.3.1 Participants' commitments to all Off-market transactions must be processed, except T+0 transactions for Client types “00” and “55” and Same Day Settlement for Client type “00”, by 19h00 on S-1.
 - 5.3.1.1 A Back-to-Back Link, for all Off-market transactions, must conform to the commit cut-off applicable to each linked transaction.
 - 5.3.1.2 Back-to-Back Links may be created after 09h30 on S for transactions affected by ²¹CTSE's Failed Trade management process, and the following procedure must be followed:
 - 5.3.1.2.1 the requesting Participant must send a written request to Strate Settlement Services and the counterparty Participant;
 - 5.3.1.2.2 the counterparty Participant must send a written acceptance of the request to Strate Settlement Services;
 - 5.3.1.2.3 Strate Settlement Services reviews the request and where there is no On-market dependency or potential market risk, Strate Settlement Services may open the Back-to-Back window upon receipt of a telephonic request from the Participant for a maximum of 30

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(thirty) minutes and permit the requesting Participant to create a Back-to-Back link. If there is an On-market dependency, Strate Settlement Services may open the window and permit the requesting Participant to create a Back-to-Back link, in consultation with ²²CTSE.

5.3.1.3 If a Dependency Link is created for un-committed transactions, it must conform to the commit cut-off applicable to each linked transaction.

5.3.2 A Participant may un-commit to an Off-market transaction or remove a Back-to-Back Link up until 08h30 on S without permission.

5.3.2.1 In the event that a Participant intends to un-commit to a transaction or remove a Back-to-Back Link after 08h30 on S, then:

5.3.2.1.1 the requesting Participant must send a written request to Strate Settlement Services and the counterparty Participant;

5.3.2.1.2 the counterparty Participant must send a written acceptance of the request to Strate Settlement Services; and

5.3.2.1.3 Strate Settlement Services reviews both the request and the acceptance and, where there are no On-market dependencies or potential market risk, Strate Settlement Services may open the un-commit window for a maximum of 30 (thirty) minutes and permit the requesting Participant to un-commit. If there is an On-market dependency, Strate Settlement Services may open the window and permit the requesting Participant to un-commit, in consultation with CTSE.

5.3.3 A Participant must check the status of its own transactions by monitoring its status intimations.

5.3.4 In the event of an Off-market transaction being impacted by the CTSE's Failed Trade management process, Strate may extend the operating windows to enable Participants to un-commit, commit, create Back-to-Back or Dependency Links, or remove Back-to-Back Links.

6. SECURITIES LENDING AND REPURCHASE TRANSACTIONS

6.1 Off-Market Securities Lending and Borrowing (SLB), SLB Return, repurchase transactions (first and second leg), Collateral and Collateral Return Transactions:

6.1.1 A minimum T+0 Settlement cycle is permitted for SLB, SLB Return, Collateral and Collateral Return Transactions, unless there is an On-market or Off-market dependency, in which case a minimum T+1 Settlement cycle is required. The Client type for SLB, SLB Return, Collateral and Collateral Return Transactions is "50" and the Client

²² Amended with effect 13 October 2021

type for repurchase transactions (first and second leg) is “55”.

- 6.1.2 Participants must report to Strate SLB, SLB Return, Collateral and Collateral Return Transactions by 12h00 on S; or by 18h00 on S-1, where there is an On-market or Off-market dependency.
- 6.1.3 Participants’ commitments to SLB, SLB Return, Collateral and Collateral Return Transactions must be processed by 13h00 on S; or by 19h00 on S-1, where there is an On-market or Off-market dependency.
- 6.1.4 Same Day Settlement of SLB, SLB Return, Collateral and Collateral Return Transactions is permitted on Record Date (RD) for Securities where there is a pending Capital Event, provided that the transactions are reported to Strate and matched by 12h00 on S, and committed by 13h00 on S. Thereafter, Participants must adhere to section 11 of this Strate Directive.
- 6.1.5 In the event that a Participant intends to un-commit to an SLB, SLB Return, Collateral and Collateral Return Transaction in a ‘Ready for Settlement’ status:
 - 6.1.5.1 the requesting Participant must send a written request to Strate Settlement Services and the counterparty Participant;
 - 6.1.5.2 the counterparty Participant must send a written acceptance of the request to Strate Settlement Services; and
 - 6.1.5.3 Strate Settlement Services reviews both the request and the acceptance and, where there are no On-market dependencies or potential market risk, Strate Settlement Services may open the un- commit window for a maximum of 30 (thirty) minutes and permit the requesting Participant to un-commit. If there is an On-market dependency, Strate Settlement Services may open the window and permit the requesting Participant to un-commit, in consultation with ²³CTSE.

7. ACCOUNT TRANSFERS

- 7.1 Same Day Settlement of Account Transfers, between Participants and internally involving a single Participant, is permitted. The Client type for an Account Transfer is “30”.
- 7.2 Subject to 7.4 below, Participants must report to Strate, match and process commitments to all Account Transfers by 18h00 on S.
- 7.3 Account Transfers are permitted provided that there is no change in beneficial ownership.
- 7.4 On Record Date, for Securities where there is a pending Capital Event, a Participant must report to Strate and match all Account Transfers by 12h00 on S, and process commitments by 13h00 on S. Under exceptional circumstances, SARB and the affected Participants, in consultation with SARB and Strate, may be granted permission by Strate to report Account Transfers after 12h00 in respect only of Interest Payment Capital Events.
- 7.5 Participants must process Account Transfers with the free of payment settlement type (RFP/DFP).

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8. PORTFOLIO MOVEMENTS

- 8.1 Same Day Settlement of Portfolio Movements, between Participants and internally involving a single Participant, is permitted. The Client type for a Portfolio Movement is “31”.
- 8.2 Subject to 8.4 below, Participants must report to Strate, match and process commitments to all Portfolio Movements by 18h00 on S.
- 8.3 Portfolio Movements are permitted provided that there is no change in beneficial ownership.
- 8.4 On Record Date, for Securities where there is a pending Capital Event, a Participant must report to Strate and match all Portfolio Movements by 12h00 on S, and process commitments by 13h00 on S.
- 8.5 Participants must process Portfolio Movements with the free of payment settlement type (RFP/DFP).

9. COLLATERAL ACCOUNT TRANSFERS AND LENDING ACCOUNT TRANSFERS

- 9.1 Same Day Settlement for Collateral Account Transfers and Lending Account Transfers between Participants and internally involving a single Participant is permitted. The Client type for a Collateral Account Transfer and a Lending Account Transfer is “33”.
- 9.2 Subject to 9.4 below, Participants must report to Strate, match and process commitments to all Collateral Account Transfers and Lending Account Transfers by 18h00 on S.
- 9.3 Collateral Account Transfers and Lending Account Transfers are permitted provided that there is no change in beneficial ownership.
- 9.4 On Record Date, for Securities where there is a pending Capital Event, a Participant must report to Strate and match all Collateral Account Transfers and Lending Account Transfers by 12h00 on S, and process commitments by 13h00 on S.
- 9.5 Participants must process Collateral Account Transfers and Lending Account Transfers with the free of payment settlement type (RFP / DFP).

10. CAPITAL EVENTS

Subject to 5.2.1, the cut-off time for “against payment” and “free of payment” transactions for Client types “00” and “55” on Record Date, for Securities where there is a pending Capital Event, is:

- 10.1 12h00 for transaction reporting, and
- 10.2 13h00 on S, for processing of commitments and Settlement.

11. SAME DAY SETTLEMENT AND T+0 TRANSACTIONS

- 11.1 Participants must report to Strate, and match by 12h00 on S, and process commitments, by 13h00 on S, to “against payment” T+0 transactions for client type “00” and “55” and, subject to 5.2.1, Same Day Settlement for Client type “00”.
- 11.2 Corrections of off-market transactions for Client types “00” and “55” must be made prior to 13h00 on S.
- 11.3 Same Day Settlement or T+0 transactions may be linked via Back-to-Back functionality, subject to the transactions conforming to the commit cut-off applicable to each linked transaction.
- 11.4 Prior to reporting Same Day Settlement or T+0 transactions on RD, Participants must have evaluated and assumed responsibility for the potential Capital Event implications resulting from the Same Day Settlement or T+0 transactions. Participants must communicate their intention to conclude the Same Day Settlement or T+0 transactions on RD to Strate Corporate Actions via telephone and followed up by email confirmation to cdadmin@strate.co.za.
- 11.5 Participants may report to Strate, match and process commitments to “free-of-payment” Same Day Settlement or T+0 transactions for Client types “00” and “55” by 18h00 on S. Where “free-of-payment” Same Day Settlement or T+0 transactions for Client types “00” and “55” are linked via Back-to-Back functionality to “against payment” transactions, Participants must report to Strate, and match such “free- of-payment” transactions by 12h00 on S, and process commitments by 13h00 on S.

12. TOLERANCE LEVEL

In order to facilitate and ensure that Settlement in Off-market transactions is effected, the Controlling Body of Strate approved an acceptable tolerance level on the matching criteria of Off-market transactions, namely that:

- 12.1 the Strate System tolerance level applicable to Off-market transactions involving payment is presently R50. Any changes in terms of 12.2 must be notified to Participants;
- 12.2 Strate together with the Participants must determine, monitor and from time to time may revise the Strate System tolerance level for Off-market transactions; and
- 12.3 the matching process is deemed successful if by using the RVP's Rand amount as a base, the consideration matches with a DVP figure that is within the agreed Strate System tolerance level.

13. OFF-MARKET OPERATIONAL TIMELINES TABLE

Transaction Type	Settlement Cycle	Reporting Time	Comm itTime
Off-market transactions (Client type 00) (T+3)	T+3	18h00 (S-1)	19h00 (S-1)
Off-market transactions (Client type 00) (T+2)	T+2	18h00 (S-1)	19h00 (S-1)
Off-market transactions (Client type 00) (T+1)	T+1	18h00 (S-1)	19h00 (S-1)
Off-market “against payment” transactions (Client type 00) (Same Day Settlement or T+0)	Same Day Settlement or T+0	12h00 (S)	13h00 (S)
Off-market “free of payment” transactions (Client type 00) (Same Day Settlement or T+0)	Same Day Settlement or T+0	18h00 (S)	18h00 (S)
Off-market “free of payment” transactions linked to “against payment” transactions (Client type 00) (Same Day Settlement or T+0)	Same Day Settlement or T+0	12h00 (S)	13h00 (S)
Off-market transactions (Client type 00) on RD	Min Same Day Settlement or T+0	12h00 (S)	13h00 (S)
SLB (Client type 50)	Min T+0	12h00 (S)	13h00 (S)
SLB on RD (Client type 50)	Min T+0	12h00 (S)	13h00 (S)
SLB (Client Type 50) – Loan Dependency	Min T+1	18h00 (S-1)	19h00 (S-1)
Off-market Repo (First and Second Leg) (Client type 55) (T+3)	T+3	18h00 (S-1)	19h00 (S-1)
Off-market Repo (First and Second Leg) (Client type 55)(T+2)	T+2	18h00 (S-1)	19h00 (S-1)
Off-market Repo (First and Second Leg) (Client type 55) (T+1)	T+1	18h00 (S-1)	19h00 (S-1)
Off-market Repo “against payment” (First and Second Leg) (Client type 55) (T+0)	T+0	12h00 (S)	13h00 (S)
Off-market Repo “free of payment” (First and Second Leg) (Client type 55) (T+0)	T+0	18h00 (S)	18h00 (S)
Off-market Repo “free of payment” transaction linked to “against payment” transactions (First and Second Leg) (Client type 55) (T+0)	T+0	12h00	13h00
Off-market Repo (Client type 55) (T+n)	T+n	18h00 (S-1)	19h00 (S-1)
Off-market Repo (Client type 55) on RD	Min T+0	12h00 (S)	13h00 (S)
Account Transfer (Client type 30) (Both Inter-Participant and Intra-Participant)	Min Same Day Settlement	18h00 (S)	18h00 (S)
Portfolio Movement (Client type 31) (Both Inter-Participant and Intra-Participant)	Min Same Day Settlement	18h00 (S)	18h00 (S)
Collateral Account Transfers and Lending Account Transfers (Client type 33) (Both Inter-Participant and Intra-Participant)	Min Same Day Settlement	18h00 (S)	18h00 (S)
Account Transfers on RD (Client type 30) (Both Inter-Participant and Intra-Participant)	Min Same Day Settlement	12h00 (S)	13h00 (S)
Portfolio Moves on RD (Client type 31) (Both Inter-Participant and Intra-Participant)	Min Same Day Settlement	12h00 (S)	13h00 (S)
Collateral Account Transfers and Lending Account Transfers on RD (Client type 33) (Both Inter-Participant and Intra-Participant)	Min Same Day Settlement	12h00 (S)	13h00 (S)

Other Settlement Windows	Timelines
Back-To-Back addition time – All transactions (except Same Day Settlement or T+0 transactions)	19h00 (S-1)
Back-To-Back addition time – Same Day Settlement or T+0 transactions	13h00 (S)
Back-To-Back removal time – All transactions (except Same Day Settlement or T+0 transactions)	08h30 (S)
Back-To-Back removal time – Same Day Settlement or T+0 transactions	13h15 (S)
Un-commit time – On/Off Market transactions	08h30 (S)
Moment of Finality of Instructions	Before every Settlement run
First Settlement run	09h30
Subsequent Settlement runs	Every hour, at hourly intervals (or as required under exceptional circumstances)
Last Settlement run	15h15

14. PROCESSING OF CORPORATE EVENTS

DISCLAIMER

- 14.1 Strate does not make any representations or warranties, express or implied, as to the accuracy, completeness or reliability of information contained in any Capital Event Information published by Issuers, or an Exchange, and sent by Strate.
- 14.2 Strate will not be liable to any person for any delays in the sending or non-receipt of:
- 14.2.1 Capital Event Information or other information published by Issuers or Issuer Agents, or an Exchange; or
 - 14.2.2 payments and other entitlements.
- 14.3 Strate will not be responsible or liable to any person for any loss or damage resulting from:
- 14.3.1 any delay, act or omission on the part of any third party;
 - 14.3.2 incorrect, inaccurate, defective or misleading information furnished or supplied by the Issuer or Issuer Agent, an Exchange or any third party; or
 - 14.3.3 the interruption or failure of communications links, power failure, the loss or destruction of any data and any loss or damage caused by natural disaster, riot, insurrection, acts of vandalism, sabotage or similar cause.
- 14.4 Strate will not be liable for any loss incurred by any person as a result of amendment and / or cancellation of any Capital Event Information by the Issuer or Issuer Agent, an Exchange or any third party.
- 14.5 Strate will not be liable for any loss, damage or claim incurred by any person, including but not limited to Issuers, Participants and/or Clients of Participants, as a result of the bank, in whose account the cash entitlements are held, being declared insolvent, becoming the subject of business rescue proceedings or having a curator appointed in terms of any law, prior to those cash entitlements being distributed.

15. CAPITAL EVENT INFORMATION

- 15.1 The Issuer or Issuer Agent must in a time, manner and form as set out by Strate, provide Strate with the Capital Event Information and, in respect of Unlisted Securities, confirmation on whether the Interest Payments are subject to withholding tax.
- 15.2 Where the Issuer or Issuer Agent fails to provide any Capital Event Information, Strate will default the relevant indicators of such Capital Event to 'No'.
- 15.3 Subject to 15.1 above, Strate will electronically send to Participants:
- 15.3.1 a preliminary notification of the Capital Event Information 30 (thirty) Business Days before Payment Date,
 - 15.3.2 a final notification of the Capital Event Information 20 (twenty) Business Days before Payment Date,
- or within such period as may be determined by the Issuer in consultation with Strate.
- 15.4 Participants must notify their Clients who hold the respective Securities of the Capital Event Information upon receipt from Strate of the notifications referred to in 15.3 above.

16. DEMATERIALISATION AND REMATERIALISATION ORDERS

With respect to Securities affected by a Capital Event:

- 16.1 Participants and Issuers or Issuer Agents must finalise the processing of any Dematerialisation or Rematerialisation orders by 13h00 on Record Date.
- 16.2 Participants must not send any Dematerialisation or Rematerialisation orders to Strate on Record Date. Participants must only recommence sending any dematerialisation or rematerialisation orders from RD+1.
- 16.3 Issuers or Issuer Agents may send instructions for the cancellation or reduction of Securities to Strate on Record Date, subject to the timelines stipulated in section 13 of this Strate Directive.

17. RECORD DATE

- 17.1 Determining Record Date holdings requires Participants and Clients to take into account all transactions that are due to settle on or before Record Date.
- 17.2 Holdings for the purpose of calculating Interest Payments will be those holdings held in Strate after Settlement has been completed on Record Date.
- 17.3 Holdings for the purpose of calculating the partial or full Redemption Payments will be those holdings held in Strate after Settlement has been completed on Record Date.
- 17.4 After Settlement has been completed on Record Date, Strate will provide the Issuer or Issuer Agent with details of the aggregate cash due to Participants on Payment Date in respect of Participants' entitlements.
- 17.5 After Settlement has been completed on Record Date, Strate will advise the Participants of the holdings per CSA on which calculations for their entitlements were based, and their expected entitlements, based on such holdings.
- 17.6 In those cases where the entitlement is distributed through the Strate System used for the processing of Settlement, the details of the Settlement are advised as soon as the orders have been generated by Strate on RD+1.
- 17.7 Any Securities that are deposited or transferred in the records of Strate or Participants during the Books Closed Period, will not be eligible for the purpose of calculating Interest Payments.

18. PAYMENT ADVICE

- 18.1 The Issuer or Issuer Agent must provide Strate with the Interest Payment or partial / full Redemption Payment amount and method of payment by EOD on PD-2 for Securities Generic Categories 1, 2, 3 and 4; and by 12h00 on PD, under exceptional circumstances, for Securities Generic Category 4.
- 18.2 Where Strate does not receive the payment advice as stipulated in 18.1, it will:
 - 18.2.1 notify Participants of such non-receipt; and
 - 18.2.2 not be obliged to facilitate the distribution of the cash entitlements to Participants; and Participants, Issuers and the Issuer Agents indemnify Strate from any liability arising from non- payment.
- 18.3 In the event of an error in the payment advice stipulated in 18.1, Strate may facilitate the rectification of such error between Participants, Issuers and the Issuer Agents, and Strate may charge the Issuer an additional fee for such facilitation.

19. DEMATERIALISATION AND REMATERIALISATION

19.1 Dematerialisation

Dematerialisation must be processed in accordance with Strate Directive SB.1 – for Conversion of Certificated Securities to Uncertificated Securities and Vice Versa – Equity and Bond Securities.

19.2 Rematerialisation

Rematerialisation must be processed in accordance with Strate Directive SB.1 – Procedure for Conversion of Certificated Securities to Uncertificated Securities and Vice Versa – Equity and Bond Securities.

20. PAYMENT DATE

20.1 The Issuer must irrevocably fund its designated bank account with the total cash entitlements in respect of the dematerialised holdings, as provided to the Issuer or Issuer Agent by Strate, by 09h00 on PaymentDate. Strate will facilitate the distribution of cash entitlements. Where the Issuer funds its designated bank account after:

20.1.1 09h00 on Payment Date, Strate may charge an additional fee for the late payment; and

20.1.2 14h30 on Payment Date, Strate will:

20.1.2.1 notify Participants of the late payment; and

20.1.2.2 process payment to Participants on the next Business Day.

20.2 Strate will not facilitate the distribution of the cash entitlements or send an MT 566 message to Participants until the cash has been cleared and credited to the Issuer's bank account, in full, and within the time and method outlined in paragraph 20.1.

20.3 Where the Issuer does not fund in full in accordance with 20.1, Strate will have the right to withhold distribution of cash until after such cash has been received in accordance with 20.1 and cleared in full. Strate will not be liable for any interest claims or other liability attaching to non-payment or late distribution of cash. Where the Issuer does not fund in full in accordance with 20.1, and, within 48 (forty-eight) hours from the Payment Date stipulated in the Capital Event Information, Strate will withdraw the Capital Event from the Strate System and notify the Participants accordingly. Any entitlements received thereafter will be processed in consultation with the applicable Issuer outside the Strate System.

20.4 Where a Participant or Client entitled to receive the cash, chooses to distribute cash entitlements prior to receiving the cash, Strate will not accept or be held liable for any interest claims or other liability attaching to the payment of funds.

20.5 Participants must ensure that they pay their Clients on the same day that payment is received.

21. GENERAL

Where a Capital Event does not conform to the Strate System functionality or to the procedures set out in this Strate Directive, such event may be processed as determined by Strate in consultation with the Issuer or IssuerAgent and the Participants.