

# Directive of Strate (Pty) Ltd

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Special Gazette No. S2-2022  
Strate Directive SB.4

Issuing of Securities – Bond and Money  
Market Securities

**strate**

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**To define the procedures to be followed and the information required for issuing bond and money market securities into Strate, and the cancellation and top-up of such securities**

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# 1. Interpretation and Definitions

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This Strate Directive should be read in conjunction with Strate Directive SZ.1 - *Interpretation and Definitions*

## 2. Introduction and Purpose

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This Strate Directive makes provision for the process of issuing Bond Securities and Money Market Securities and defines the minimum information to be submitted by the Issuer or Issuer Agent for the electronic issuing and allocation of a related, unique ISIN.

This Strate Directive includes the procedures to be followed to amend the amount in issue and/or cancel an ISIN.

Bond Securities and Money Market Securities are classified according to four broad categories based on certain common fundamental characteristics. The four categories are:

- 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; variable maturity date (optional)

Bond Securities and Money Market Securities held in Strate are recorded in the ISIN Register in the Strate System, in accordance with Strate Directive SB.3 – *Registers and Accounts Administration – Bond Securities and Money Market Securities*.

## 3. Issuing of Securities and Allocation of ISINs

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- 3.1 An Issuer or Issuer Agent may issue any new offer of Bond or Money Market Securities, or additional Bond or Money Market Securities, as Uncertificated Securities, by instructing Strate, in accordance with this Directive, to make an Entry into the Strate System recording the nominal value and class of such new or additional Securities as an uncertificated issue of those Securities.
- 3.2 By instructing Strate in terms of 3.1 above, the Issuer or Issuer Agent acknowledges that it has recorded in the Issuer's Securities register the increase of the holdings in Strate in that class of Securities by the number of the new or additional Securities.
- 3.3 Prior to issuing Securities, the Issuer must be an approved Business Partner; have appointed one or more Issuer Agent(s), Participant and Settlement Bank; and have at

least one Securities Account or Central Securities Account. An Issuer may act as its own Issuer Agent.

- 3.4 The NNA allocates an ISIN prior to the issue of a Security. The NNA allocates a short name for all ISINs (listed and unlisted).
- 3.5 For unlisted Securities and Securities listed on an Exchange other than the JSE, the Issuer, Issuer Agent or relevant Exchange must request an ISIN from the Strate System at least 2 (two) Business Day before the Issue Date. Strate facilitates the communication between the NNA and the Issuer, Issuer Agent or Exchange, as applicable, in these instances.
- 3.6 For Securities listed on the JSE, the Issuer deals with the JSE, and the JSE notifies Strate of the applicable ISIN and its relevant data. All ISINs must be notified to Strate by the JSE at least one (1) Business Day prior to Issue Date.
- 3.7 ISINs for unlisted Securities requested for same day trading and Settlement must be requested before the close of the trade reporting window.
- 3.8 Certain minimum data must be provided for the issuing of any ISIN. For unlisted Securities, the Issuer or Issuer Agent must communicate the data to the Strate System. Where the Issuer or Issuer Agent fails to provide information on whether a Security's Coupon Payment is subject to withholding tax, Strate will default the relevant indicator to 'No'.
- 3.9 For unlisted Securities, the Issuer or Issuer Agent may request a new ISIN for the issue of a Security already issued.
- 3.10 All the characteristics of the Security to be issued and its allocated ISIN are recorded by Strate in the ISIN Register.
- 3.11 Strate broadcasts the ISIN and all relevant details of the Security to the appointed Issuer Agent and all Participants, immediately upon issue
- 3.12 On Issue Date, the ISIN is activated in the Strate System and the full amount of the Securities issued is transferred into the Issuer's Securities Account or Central Securities Account, after which the Security can be settled. Transactions can be reported prior to Issue Date but can only be settled on or after Issue Date.
- 3.13 JIBAR-linked securities are only activated in the Strate System upon receipt of the JIBAR details on Issue Date.
- 3.14 An Issuer or Issuer Agent may elect to prescribe the Coupon Payment Dates in respect of Securities Generic Category 2 Securities; and Coupon Payment Dates and Coupon Reset Dates in respect of Securities Generic Categories 3 and 4 Securities.
- 3.15 If the Coupon Payment Dates or Coupon Reset Dates are not prescribed by the Issuer or Issuer Agent, the Strate System derives such dates based on the Coupon Payment Interval or Coupon Reset Interval, respectively.

## 4. Amendment to Amount in Issue

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- 4.1 For unlisted Securities and Securities listed on an Exchange other than the JSE, the Issuer, Issuer Agent or relevant Exchange must request Strate to increase or reduce the amount of a Security already in issue. Strate will instruct the NNA to update its records for unlisted Securities. For listed Securities, the Issuer or Issuer Agent must instruct the NNA to update its records.
- 4.2 For Securities listed on the JSE, the JSE must notify Strate of an increase or reduction of the amount in issue.
- 4.3 Where an Issuer, Issuer Agent or Exchange, as applicable, requests an increase or reduction of the amount in issue, Strate must update the ISIN Register and the Issuer's Securities Account or Central Securities Account and must notify the Issuer Agent and the Issuer's Participant of any increase or reduction of the amount in issue for the Security.

## 5. ISIN Cancellation

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- 5.1 The Issuer or Issuer Agent may cancel Uncertificated Securities held in Strate by instructing Strate in accordance with this Directive, to make an Entry into the Strate System recording the nominal value and class of those Securities which it wishes to cancel, thereby reducing the quantity of that class of Securities in issue.
- 5.2 An Issuer or Issuer Agent may only request to cancel an unlisted Security if the full amount in issue is held in the Issuer's Securities Account or Central Securities Account into which the Security was issued, and there are no pending trades against that Security.
- 5.3 Subject to 5.2, Strate will also instruct the NNA to cancel the ISIN of an unlisted Security.
- 5.4 Strate must inform the relevant Participants when an ISIN has been cancelled, immediately upon receipt of confirmation from the NNA.

## 6. Variable Coupon Rate Notification

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- 6.1 Where an ISIN is linked to JIBAR in respect of Securities Generic Categories 3 or 4, Strate obtains JIBAR updates from the JSE by 11h00 on a daily basis. The Strate System computes the current Coupon Rate based on the spread, cap and floor rates (if applicable) associated with the ISIN and notifies the NNA, Participants and Business Partners immediately.
- 6.2 If JIBAR has not been published by the JSE by 11h00, Strate obtains the current day's rate from the JSE as soon as it is available, updates the ISIN Register and notifies the NNA) Participants and Business Partners. If the JSE amends the published JIBAR, Strate updates the ISIN Register and notifies the NNA, Participants and Business Partners within thirty (30) minutes.

- 6.3 Where an ISIN is linked to Non-JIBAR indices in respect of Securities Generic Category 3 or 4, the new rate is updated in the ISIN Register by 16h00. The Strate System computes the current Coupon Rate based on the spread, cap and floor rates, if applicable, associated with the ISIN, and notifies the NNA, Participants and Business Partners by 16h30.