

# Directive of Strate (Pty) Ltd

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Special Gazette No. S7-2022  
Strate Directive SC.1

Operational Market Windows - On-Market -  
Equities - JSE and A2X

The logo consists of a white rectangular border containing the word "strate" in a bold, lowercase, sans-serif font. The background of the entire page features a diagonal split: the top-left and bottom-right quadrants are black, while the top-right and bottom-left quadrants are a medium grey. A teal triangle is visible in the bottom-right corner, partially overlapping the grey area.

**strate**

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## To provide for the operational timeframes for settlement of on-market transactions in equities (JSE and A2X)

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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. General

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- 2.1 For consistency, all operational timings are based on the timestamp generated by the Strate System when processing a particular instruction. For the sake of clarity, it is recorded that:
  - 2.1.1 the 'Received Time' generated by the Strate System shall be used for all incoming messages
  - 2.1.2 the 'Sent Time' generated by the Strate System shall be used for all outgoing messages; and
  - 2.1.3 the 'Processing Time' generated by the Strate System shall be used for all internal system processes
- 2.2 These timing rules only apply to those parties that interface directly with the Strate System.
- 2.3 Where an interfacing party requires input from an underlying 3<sup>rd</sup> party, it remains the responsibility of that interfacing party to manage those 3<sup>rd</sup> parties in a way that allows them sufficient time to meet the timing rules set out in this Strate Directive.
- 2.4 Each Participant must have at least one Central Securities Account at Strate.
- 2.5 On-market guaranteed and non-guaranteed transactions are identified by a guaranteed/non-guaranteed indicator.
- 2.6 The operational timings that have been set in terms of this Strate Directive represent the time by which a particular transaction acceptance, confirmation and/or commitment must have been concluded at Strate. It is possible that the Strate System might accept inputs beyond these timings and such acceptances should not be seen as an assurance that the transactions will settle.
- 2.7 Transactions captured outside the operational time parameters may result in the levying of a fine against the Participant or Business Partner responsible.

## 3. Operational Timings and Periods

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The timings and periods provided in this Strate Directive operate on the premise that normal operational conditions prevail.

Should an operational delay or disruption impact normal processing, Strate may, in accordance with Strate Rule 2.20, and in consultation with the market, take such action as may be reasonably necessary to prevent, correct or alleviate such a situation, including but not limited to temporarily amending operational procedures or timelines.

### 3.1 Strate System

- 3.1.1 The Strate System BOD is scheduled to commence from 03h00 on each workday.
- 3.1.2 Strate will communicate to each Exchange, Participant and Business Partner
  - 3.1.2.1 once the Strate System BOD has concluded
  - 3.1.2.2 any changes in the timing of the Strate System BOD process.
- 3.1.3 In the event that the Strate System BOD is delayed beyond 03h00 and it becomes apparent that this delay will have an effect on the normal performance of settlement and system activities, Strate will, in consultation with the market, implement the necessary adjustment to operational timings so as to ensure that all settlement and system activities can still be concluded on the day.
- 3.1.4 The Securities reservation process within the Strate System is triggered automatically upon the completion of its BOD process.
- 3.1.5 Participants are obliged to reconcile their Securities' positions in the Strate System. To assist, and at the election of each Participant, the Strate System will generate, and send, a Statement of Holdings (SOH) message to them at 18h00 either on:
  - 3.1.5.1 a daily basis; or
  - 3.1.5.2 only on such days when there has been a change in Securities positions in a Central Securities Account.
- 3.1.6 In case of any discrepancies, the Participants are required to request the audit trail details from Strate by requesting a Statement of Transactions message.
- 3.1.7 The Strate System SOH is released to the market at 18h00. Should an extension of this parameter be required, the requestor needs to inform Strate in writing by no later than 17H00.
- 3.1.8 The Strate System EOD is at 19h00. Should an Exchange or Participant require the parameter to be moved beyond 19h00, the requestor needs to inform Strate in writing by no later than 17h30.

## 3.2 SAMOS

- 3.2.1 The start time of SAMOS is not controlled by Strate or the Strate System. SAMOS business cycle days are as per the SAMOS published document produced by the National Payment System Department of the South African Reserve Bank.
- 3.2.2 Should the commencement of the settlement window be delayed by SAMOS, Strate will, in consultation with the market, implement the necessary adjustment to operational timings so as to ensure that all settlement and system activities can still be concluded on the day
- 3.2.3 No payment run will be initiated beyond 15h00 unless prior authorisation has been obtained from SAMOS to extend Window 3.
- 3.2.4 Participants must instruct their settlement bank to fund the applicable SAMOS accounts by 09h00 on S for the first payment run, and within 30 (thirty) minutes of their receipt of the payment advice from Strate for subsequent payment runs.

## 3.3 Exchange Systems

- 3.3.1 All trade allocations to Non-controlled Clients take place on T and the settlement orders are generated by the Exchange in real-time. Any allocations or Re-Allocations on T+1 or Voluntary Reverse Substitutions on T+2 are sent in real-time.
- 3.3.2 Any change, correction, or adjustment to settlement orders on Non-controlled Clients will result in:
  - 3.3.2.1 cancellation of the current On-market settlement orders in the Strate System.
  - 3.3.2.2 new settlement order(s) being generated by the Exchange and sent to the Strate System:
    - 3.3.2.2.1 in real-time, up until 18h00 T+1 if the Re-Allocation is to a Non-controlled Client.
    - 3.3.2.2.2 in real-time, up until 15h00 on T+2 for a Voluntary Reverse Substitution to a Broker proprietary account.
- 3.3.3 Any change, correction, or adjustment where a Client is involved, must be completed before 18h00 on T+1.
- 3.3.4 Broker nett settlement orders are generated by the relevant Exchange system in batch as part of their own EOD processing on T+1 and sent to Strate. Strate, in turn, bulks these and sends them to the Participants as part of the Strate BOD process on the following Business Day.

- 3.3.5 Any Settlement orders received by the Exchange after their own EOD will be bulked and sent to Strate as part of the Exchange BOD processing for the following Business Day.
- 3.3.6 After EOD on T+1, only Voluntary Reverse Substitution, Compulsory Reverse Substitution and Failed Trade transactions are permitted to be reported to Strate for settlement.
- 3.3.7 Any margin or capital exposure requirement is payable or repayable to the Exchange by 12h00 on date of generation of the PMO/RMO by the Exchange. Participants must commit to these transactions by 13h00 on S.

### 3.4 Participants

- 3.4.1 Clients must provide settlement instructions to their Participants timeously on T+1 to allow the Participant to fulfil its obligations to Strate.
- 3.4.2 Participants must commit to settlement orders in the Strate System by 15h00 on T+2.
- 3.4.3 Should a Participant not be in a position to commit to the settlement orders, it must inform Strate Settlement Services and the relevant Exchange Settlement Oversight function of their intentions/reasons for their inability to commit.
- 3.4.4 Strate will send the Broker nett settlement orders to Participants on the morning of T+2, during the Strate system BOD process.
- 3.4.5 On receipt from the relevant Exchange, and on a real-time basis, the Strate system will send the allocations and Re-Allocations (T+1) and Voluntary Reverse Substitutions (T+2) to the Participants.
- 3.4.6 Participants may “uncommit” to settlement orders prior to 18h00 on T+1.
- 3.4.7 Participants may uncommit to settlement orders, without the intention of re-committing, in exceptional circumstances and in consultation with Strate Settlement Services and the applicable Exchange settlement oversight function, between 18h00 on T+1 and 15h00 on T+2, in accordance with Strate Directive SC.3 – *Special Circumstances for the Reversal of Commitments – Equities*.
- 3.4.8 Participants may uncommit to settlement orders, with the intention of re-committing, between 18h00 on T+1 and 15h00 on T+2.
- 3.4.9 If a Dependency Link is created for uncommitted transactions, it must conform to the commit cut-off applicable to each linked transaction.
- 3.4.10 Commitments for Voluntary Reverse Substitution settlement orders must reach the Strate System by 15h00 on T+2.
- 3.4.11 Commitments for Compulsory Reverse Substitution settlement orders must reach the Strate System by 18h00 on T+2.

3.4.12 In the event of an On-market transaction being impacted by an Exchange's failed trade management process, Strate will, in consultation with the Exchange, extend the operating windows to enable Participants to uncommit, commit, create Back-to-Back or Dependency Links, or remove Back-to-Back Links.

3.4.13 Specifically in relation to BEE Securities, a Participant is required to ensure that for the purposes of the Non-controlled Client satisfying the requirements of the BEE Contract:

3.4.13.1 if its Non-controlled Client is to be a beneficial owner of BEE Securities, its Non-controlled Client must:

- be a BEE Compliant Person; and
- have signed a BEE Contract with the other relevant persons who should be parties to that BEE Contract;

3.4.13.2 if a natural person, the Client must have furnished the Participant with a copy of his/her identity document or a naturalisation affidavit (as the case may be);

3.4.13.3 if not a natural person, the Client must have furnished the Participant with a valid BEE Certificate, prior to committing to settlement orders in respect of BEE Securities.

### **3.5 Back-To-Back Links**

3.5.1 In consultation with the relevant Exchange settlement oversight function and affected Participants, Strate Settlement Services will, during the course of T+2, review all potential Back-to-Back Links that may need to be removed.

3.5.2 At 15h00 on T+2, Strate Settlement Services will notify affected Participants of the final list of Back-to-Back Links that need to be removed.

3.5.3 Affected Participants are required to remove these Back-to-Back Links by:

3.5.3.1 15h15 for Non-controlled orders,

3.5.3.2 17h00 for Broker proprietary orders

3.5.3.3 18h00 for Reverse Substituted orders on T+2.

3.5.4 The affected Participant(s) are required to process re-commitments to the remaining transactions within 30 (thirty) minutes of the relevant cut-off defined in 3.5.3 above.