

# Directive of Strate (Pty) Ltd

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Special Gazette No. S6-2023  
Strate Directive SD.1

Operational Market Windows - On-market -  
Bond Securities - JSE and ETP

**strate**

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**To provide for the operational time frames for settlement of transactions in bond securities executed on or reported to the JSE's interest rate trading system and transactions executed on the electronic trade platform (ETP)**

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## Index

1. INTERPRETATION AND DEFINITIONS
2. GENERAL
3. OPERATIONAL TIMINGS AND PERIODS
4. OPERATIONAL TIMELINES TABLE

# 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 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

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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 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 a Participant to reconcile its 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, a Participant is required to request a statement of transactions report via email from Strate Settlement Services in order to trace the origin of the discrepancy.

## **3.2 Transaction Reporting**

- 3.2.1 The JSE reports transactions to Strate via the Interest Rate Trading System between 07h00 and 18h00 on each Business Day. The Settlement cycles for transactions reported to, or executed on, the Interest Rate Trading System are T+3, T+2, T+1, T+0 or T+n. The following timelines apply to the JSE 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 Interest Rate Trading System sends transactions to the Strate System in real time. Should it become necessary for a previously reported transaction to be cancelled, the Interest Rate Trading System sends Strate an appropriate equal and opposite transaction prior to the commit cut-off times applicable to the original transaction. Strate will send a cancellation order to the relevant Participants.
- 3.2.3. The Strate System sends Settlement orders to Participants in real time, upon receipt from the JSE.
- 3.2.4. Settlement orders received from the JSE after EOD are sent to Participants as part of the BOD process for the following Business Day.
- 3.2.5. The JSE Settlement Authority may report Failed Trade transactions and Rolling of Settlement to Strate from 12h00 on S.

3.2.6 The ETP Trading System reports transactions to Strate between 07h00 and 17h30 on any Business Day. The Settlement cycle for transactions executed on the ETP Trading System is T+3. The following applies to transactions reported on the ETP Trading System:

3.2.6.1 The ETP Trading System sends transactions to the Strate System in real time. The ETP Trading System sends any cancellations to Strate between 07h00 and 18h00 on T, and these are sent by Strate to Participants as cancellations; and

3.2.6.2 The Strate System sends Settlement orders to Participants in real time, upon receipt from the ETP.

### 3.3 Commitment to Settlement

3.3.1 A Participant's 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 or reported to the Interest Rate Trading System, unless there is a direct or indirect dependency on an Off- market transaction to which an exception applies in terms of clause 3.2.1 of Strate Directive SD.2 – *Operational Market Windows – Off-Market – Bond Securities – JSE*; and

3.3.1.2 13h00 on S for T+0 transactions executed on or reported to the Interest Rate Trading System; and

3.3.1.3 19h00 on S-1 for all T+3 transactions executed on the ETP Trading System. If a Participant is unable or not in a position to commit to the Settlement orders, it must inform Strate and the JSE Settlement Authority of its intentions, or reasons, in respect of Non- Member Settled Client Deals.

3.3.2 Subject to 3.3.3, a Participant 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 the JSE Settlement Authority, 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.

3.3.2.4 Should a Participant wish to re-commit to a transaction, this must be done by 13h00 on S.

- 3.3.3 A Participant must not un-commit to SARB reverse repurchase transactions on S without permission. In the event that a Participant intends to un-commit to a SARB reverse repurchase transaction on S, then:
- 3.3.3.1 the requesting Participant must send a written request to Strate Settlement Services and SARB, the counterparty Participant;
  - 3.3.3.2 SARB must send a written acceptance of the request to Strate Settlement Services; and
  - 3.3.3.3 Strate Settlement Services notifies the Participant of SARB's acceptance and may open the un- commit window for a maximum of 30 (thirty) minutes and permit the requesting Participant to un-commit.
- 3.3.4 Where a Back-to-Back Link is required for On-market transactions, a Participant must put this in place 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 time applicable to each linked transaction.
- 3.3.5 In the event of an On-market transaction being impacted by the JSE'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.

### **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 the JSE Settlement Authority 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 JSE Settlement Authority**

- 3.5.1 Where the JSE Settlement Authority:
- 3.5.1.1 in respect of transactions executed on or reported to the Interest Rate Trading System, instructs Members to borrow Securities or enter into a carry transaction or repurchase transaction, or, in respect of transactions executed on the ETP Trading System, instructs Members to borrow Securities, between 13h15 and 14h00 on S; and
  - 3.5.1.2 informs Strate Settlement Services, Strate Settlement Services will notify the Participant of the applicable transaction leg numbers and the Participant's commitments to these transactions must be processed within 30 (thirty)

minutes or Strate Settlement Services must be informed as to why the Participant cannot do so.

### **3.6 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.

### **3.7 Settlement Runs**

3.7.1 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. A Participant may only request Strate to delay the last Settlement run under exceptional circumstances.

3.7.2. A Participant must instruct its Settlement Bank to fund the applicable SAMOS account within 30 (thirty) minutes of its receipt of the payment advice from Strate Settlement Services.

### **3.8 Failed Transactions**

3.8.1 Only the following transactions executed on or reported to the Interest Rate Trading System are allowed to fail in Strate:

3.8.1.1 transactions that are un-matched;

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

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

3.8.2 Transactions executed on the ETP Trading System that are not in a position to Settle will be managed through consultation between Strate, JSE, National Treasury and SARB, as applicable and in accordance with the Exchange rules.