

# Directive of Strate (Pty) Ltd

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Special Gazette No. S10-2023  
Strate Directive SL.1

Operational Market Windows and Distributions  
Processing – Collective Investment Schemes  
(CNAV)

The logo for Strate is a white square with a thin white border, containing the word "strate" in a bold, lowercase, sans-serif font. The background of the entire page is a dark grey/black color with a diagonal split. The bottom-left corner is a light grey, and the bottom-right corner is a teal color.

**strate**

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**To provide for the settlement of transactions in collective investment schemes reported by trade reporting parties;  
to provide for the moment of finality of Instructions; and to provide for the distributions process**

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## Index

- 1 INTERPRETATION AND DEFINITIONS
- 2 CONSIDERATIONS AND ASSUMPTIONS
- 3 OPERATIONAL TIMINGS
- 4 ENTITLEMENTS AND DISTRIBUTIONS
- 5 DISCLOSURE OF BENEFICIAL OWNERSHIP

## 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. Considerations and Assumptions

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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 with respect to 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.
- 2.2 A Client must open a Central Securities Account in the Uncertificated Securities Register through its appointed Participant. The Client's Central Securities Account is required for recording Entries and Settlement of transactions in CIS Securities.
- 2.3 The Strate System only accepts purchase or redemption instructions from a Business Partner with a "Trade Reporting Party" role. Any instruction received from a Business Partner without a "Trade Reporting Party" role will be rejected, and a rejection notification will be sent to the party attempting to submit the instruction.
- 2.4 The operational timings stipulated in this Strate Directive are expressed in Business Days.

## 3. Operational Timings

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The following operational timings provided in this sub-section are based on the assumptions and considerations provided in the previous sub-section.

### 3.1 Strate System

- 3.1.1 The Strate System BOD is at 03h00. Strate informs Participants when there is a change in the timing of the BOD process.

- 3.1.2 The Strate System EOD is at 19h00. Should a Participant require the parameter to be moved beyond 19h00, it must submit a request to Strate in writing before 16h30.

## **3.2 Transaction Reporting**

- 3.2.1 The following operational timings apply in respect of the reporting of instructions for a CIS Security by a Trade Reporting Party.
- 3.2.2 A Trade Reporting Party may send instructions to Strate between 07h00 and 19h00.
- 3.2.3 The Settlement cycle for purchase and/or redemption instructions is T+0.
- 3.2.4 Each Manco defines its own Instruction Cut-Off Time for same day settlement of a CIS Security. Any instruction reported after Instruction Cut off Time for that CIS Security will result in a value and settlement date derived on the following Business Day (in other words, T+1).
- 3.2.5 Reinvestment into funds can be reported after payment of distributions as a purchase instruction, and Settles on a T+0 basis if reported before Instruction Cut off Time.
- 3.2.6 The following instruction types are allowed:
- 3.2.6.1 Purchase instruction (PMO/RMO followed by DFP/RFP)
  - 3.2.6.2 Redemption instruction (DVP/RVP)
- 3.2.7 Strate sends the relevant Settlement allegation to the Participant upon receipt of the purchase/redemption instruction from the Trade Reporting Party.
- 3.2.8 Upon receipt of the trade allegation from Strate, a Participant must process a commitment to the trade by 15h00 for same day settlement.
- 3.2.9 A Participant may un-commit to a trade prior to 15h00, provided that such trade has not Settled.
- 3.2.10 In the event a Participant intends to un-commit to a trade in a committed status:
- 3.2.10.1 the requesting Participant must send a written request to Strate Settlement Services and the counterparty Participant;
  - 3.2.10.2 the counterparty Participant must send a written acceptance of the request to Strate Settlement Services; and
  - 3.2.10.3 Strate Settlement Services reviews both the request and the 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 Settlement**

- 3.3.1 Settlement of a committed trade is initiated as soon as a commit is received, and is completed by 15h00. Strate sends a Settlement confirmation message to the Participant once Settlement is completed.
- 3.3.2 A Participant must reconcile its Clients' Central Securities Account positions in the Strate System daily. For this purpose, the Strate System generates a statement of holdings message at 18h00 daily, which it sends to the Participant. In case of any discrepancy, the Participant may request the audit trail details via an email from Strate Settlement Services, by 18h00 on the following Business Day.
- 3.3.3 The Moment of Finality of Instructions referred to in the Strate Rules is the moment immediately preceding Settlement.

## 4. Entitlements and Distributions

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### 4.1 Calculation

- 4.1.1 The Strate System calculates the entitlement amount for the monthly distributions based on the daily income yield accrued on the investment, as provided by the Manco.
- 4.1.2 On the last Business Day of the month, Strate informs the Participants and the Manco of its calculation of the total entitlement amount for the month.
- 4.1.3 The Manco must confirm the calculation of the total entitlement for the month by 10h00 on Payment Date.
- 4.1.4 Where there is a discrepancy in the calculation of the entitlement amount, Strate will attempt to resolve it in consultation with the Manco by 13h00 on Payment Date. If no resolution is achieved by 13h00 on Payment Date, or where no confirmation on the monthly distribution amount is received from the Manco by 13h00 on Payment Date, Strate will roll over the payment of the entitlement to the next Business Day. After 2 (two) consecutive roll-overs, Strate will withdraw the distribution event.

### 4.2 Payment

- 4.2.1 Payment of a distribution is initiated at 10h00 on Payment Date as announced by the Manco.
- 4.2.2 Obligations are netted at Participant and Security Type level and resulting payments are effected through SAMOS.
- 4.2.3 The Strate System generates a payment advice with a payment reference to all payee settling banks and beneficiary settling banks.

- 4.2.4 A payee settling bank must fund its designated SAMOS account within 30 minutes of receiving the payment advice from Strate.
- 4.2.5 SAMOS transfers cash from the payee settling bank to the beneficiary settling bank and then generates a cash payment confirmation to Strate.
- 4.2.6 Strate notifies the beneficiary settling bank of the cash payment.

## 5. Disclosure of Beneficial Ownership

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The disclosure of beneficial ownership must be processed in accordance with Strate Directive SA.8 – *File Layout for Beneficial Ownership Register – Equities, Bonds and Participatory Interests*.