

Directive of Strate (Pty) Ltd

Special Gazette No. S4-2024
Strate Directive SF.1

Fines Schedule - Strate Rules

strate

To provide for the imposition of fines for the contravention of the Strate Rules

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Index

1. INTERPRETATIONS AND DEFINITIONS
2. APPLICATION
3. FINES
4. PAYMENT AND PUBLICATION OF FINES
5. TECHNICAL DIFFICULTIES

1. Interpretation and Definitions

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

2. Application

- 2.1 The following fines, which do not attract Value Added Tax, may be levied by Strate for contravention of the Strate Rules.
- 2.2 Notwithstanding the imposition of a fine in terms of this Strate Directive, further penalties may be imposed in terms of the Strate Rules.
- 2.3 Where any time is stipulated by Strate Directive, the time as reflected on the Strate System is applicable.

3. Fines

CONTRAVENTION	FINE
<p>3.1 Unconditional commit of Securities</p> <p>Contravention of Strate Rule 7.3.2.1</p> <p>Once a Participant's conditional commitment to settlement of a transaction in Securities becomes unconditional, as stipulated by Strate Directive, it must ensure that the transaction settles on S.</p>	<p>R15 000 per transaction leg where the transaction leg is in an "Overdue Lack of Securities" status at BOD on S. Transaction legs that remain unsettled after the final payment run of the day and which fail by EOD, may, in addition to the fine, result in disciplinary action being taken against the Participant in terms of sections 11 and 12 of the Strate Rules.</p>
<p>3.2 Balancing of Counters</p> <p>Contravention of Strate Rule 5.3</p> <p>A Participant must reconcile balances with Strate on a daily basis and ensure that the aggregate holdings per ISIN balance to the holdings in the applicable CSA at Strate.</p>	<p>R3 500 per ISIN per Business Day in which the Participant's records remain out of balance with those of Strate, except where such imbalance has been caused by the processing of a dematerialisation or rematerialisation order, a removal, or a Corporate Action. All imbalances will be dealt with on a case-by-case basis.</p>

<p>3.3 Debit Balances</p> <p>Contravention of Strate Rule 7.4</p> <p>A Participant must not give, or give effect to, an instruction which would result in any of the Securities Accounts maintained by the Participant reflecting a Debit Balance.</p>	<p>R70 000 per instance where a Securities Account reflects a Debit Balance.</p> <p>Where a Participant does not notify Strate Supervision within 24 (twenty-four) hours of the occurrence of a Debit Balance, this will be reported to the Regulatory and Supervisory Committee who may impose a further penalty.</p>
<p>3.4 Internalisation</p> <p>Contravention of Rule 5.6.1</p> <p>All internal Off-market Trades, where the Participant is settling both legs of the transaction, must be booked in the Strate System.</p>	<p>Not reporting such settlement transactions to Strate attracts a fine of R35 000 per settlement transaction and, in addition to the fine, the Participant may be subject to further disciplinary action in terms of the Strate Rules.</p>
<p>3.5 No or late reporting of material issues</p> <p>Contravention of Rule 8.1.7</p> <p>A Participant must report any material malfunction of the controls, procedures or systems set out in Rules 8.1.2 and 8.1.3 to Strate as soon as reasonably possible after it has come to the directors' or officers' of the Participant's attention.</p>	<p>Not reporting material issues that impact the participation criteria to Strate as soon as reasonably possible after it has come to the directors' or officers' of the Participant's attention, attracts a fine of R70 000 per instance and, in addition to the fine, the Participant may be called to a special meeting of the Regulatory and Supervisory Committee to explain the contravention and may be subject to further disciplinary action in terms of the Strate Rules.</p>
<p>3.6 Further Contraventions</p> <p>3.6.1 Where a contravention of this Strate Directive, in relation to an individual transaction, results in a further contravention in respect of the same incident, a fine may be imposed for the first and any subsequent contravention.</p> <p>3.6.2 Where a Batch of transactions results in a contravention of this Strate Directive, a fine may be imposed for each transaction within the Batch.</p>	

4. Payment and Publication of Fines

- 4.1 A Participant must, unless it has lodged an objection in terms of 4.2, pay the fines stipulated by this Strate Directive within 20 (twenty) Business Days of receipt of the monthly confirmation by Strate Supervision of the fines incurred in that month by such Participant.
- 4.2 Where a Participant wishes to object to a fine imposed by Strate, it must lodge such objection in writing, supported by mitigating evidence, within 5 (five) Business Days of receipt of notification of the fine.
- 4.3 Strate may, at the discretion of the Regulatory and Supervisory Committee, publish the circumstances giving rise to (and the details of) any fine imposed on Participants in terms of this Strate Directive.

5. Technical Difficulties

Where a technical difficulty impairs a Participant's ability to perform within the stipulated time frame, such difficulty may only be taken into account as mitigation where the Participant has advised Strate Operations and Strate Supervision timeously of such difficulty. Where a technical difficulty of one Participant affects the ability of another Participant to perform within the stipulated time frame, such difficulty may be taken into account as mitigation for the other Participant.