Strate Removals

Brochure

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Strate admission to Euroclear (CSD-to-CSD link)

The Principles for Financial Market Infrastructures (PFMI) define a link as contractual and operational arrangements between financial market infrastructures (FMIs) that connect them directly or indirectly. These links enable Participants in one central securities depository (CSD) to access another CSD's services efficiently.

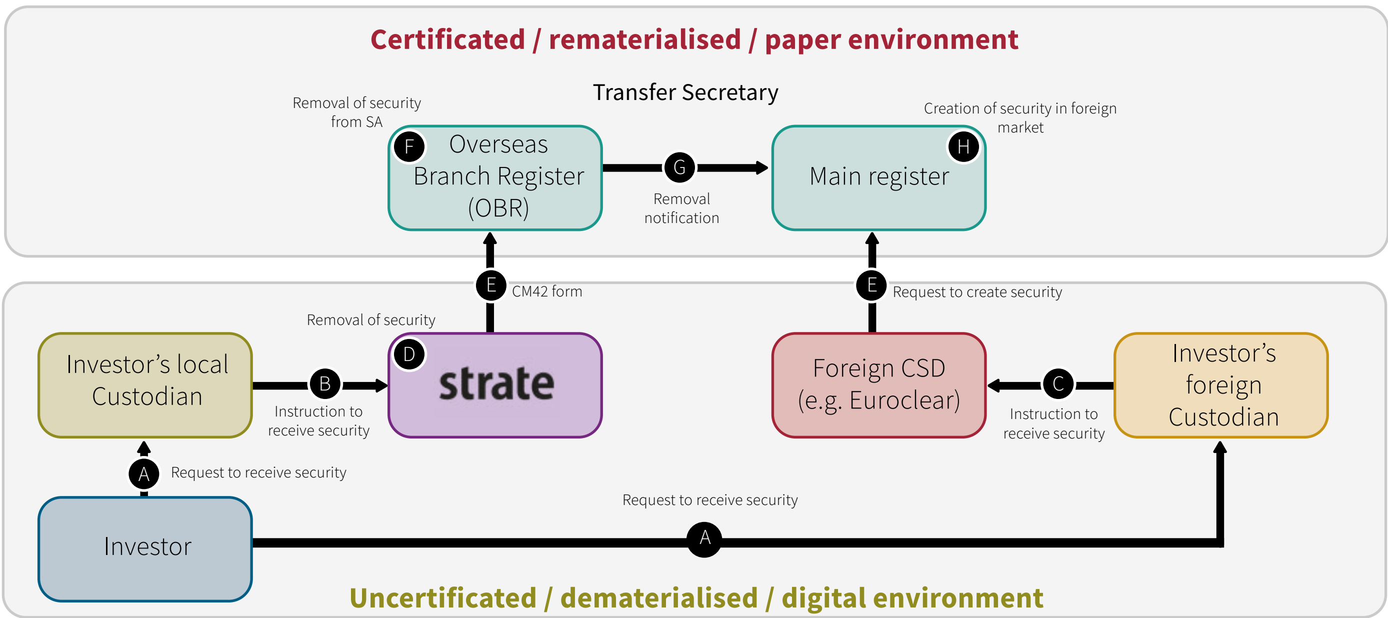
This arrangement follows the issuer/investor CSD model widely adopted globally. In this model, Participants leverage their integration with their primary CSD without needing to establish new relationships with foreign CSDs. The PFMI identifies two types of CSDs:

- The issuer CSD: where securities are issued and held, and designated for cash and securities settlement
- The investor CSD: which provides its Participants access to securities in the issuer CSD

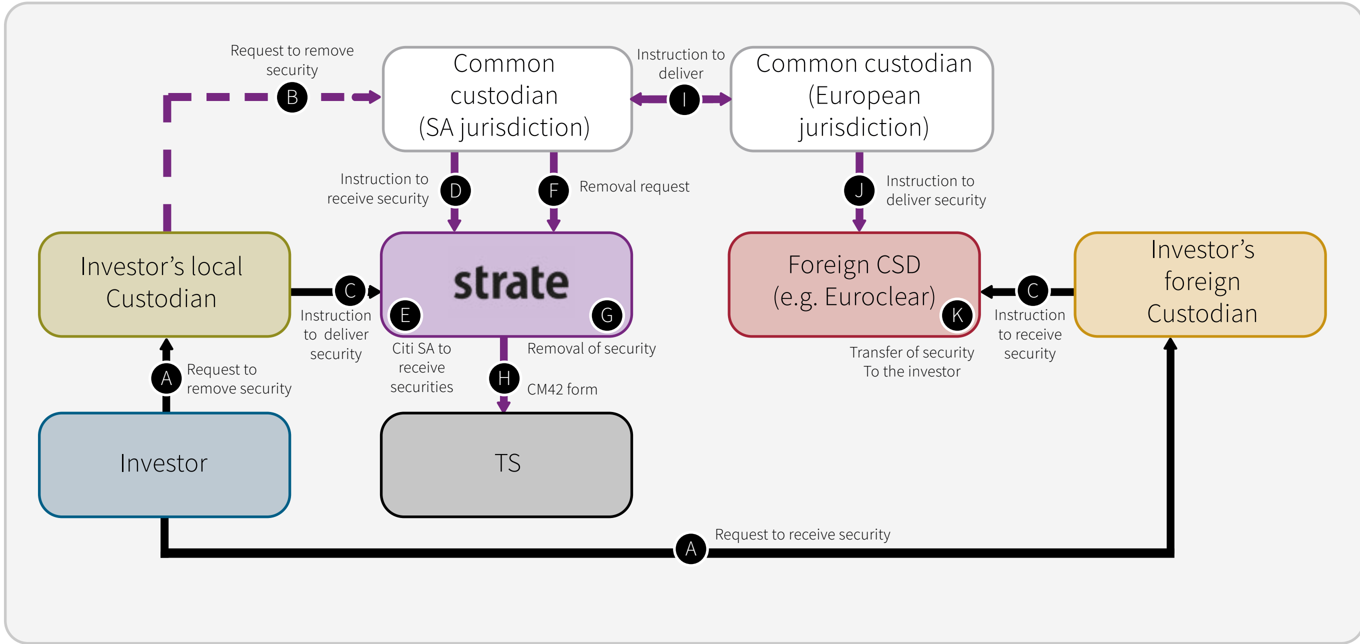
Strate's admission to Euroclear provides South Africa with access to most global markets, either directly or through Euroclear's bridge capability to CSDs such as Clearstream and DTCC. The link created through the Strate Euroclear account enables a fully automated removals process.

Current removals operating models in South Africa

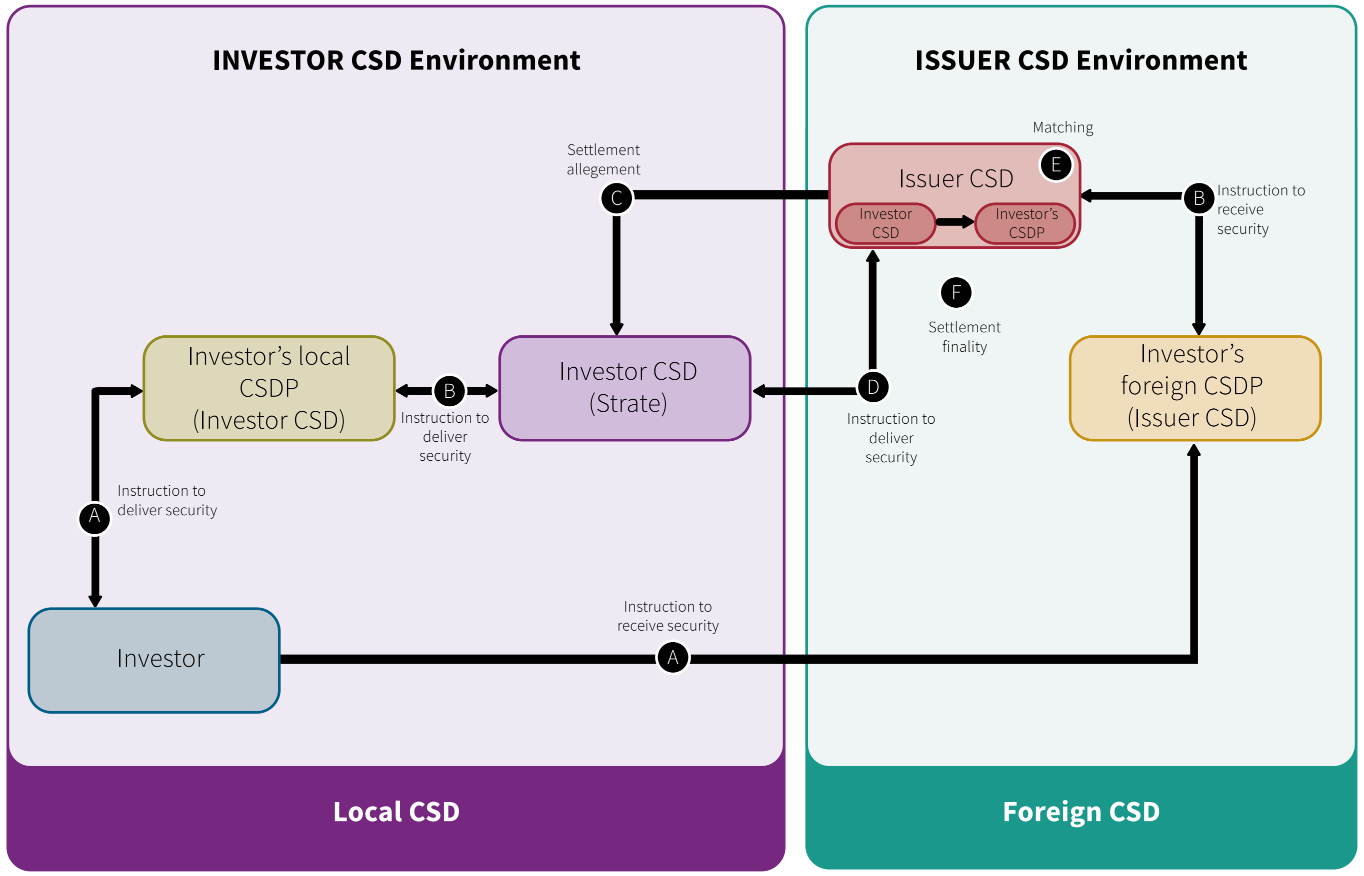
1. **Transfer secretary model**: a local branch registrar outside the CSD environment processes securities movements between registers, using a third-party intermediary in the other jurisdiction to interface with the local CSD.



2. **Common custodian model**: for European jurisdictions (excluding UK), a common custodian acts as a Participant in both CSD environments to facilitate securities movement.



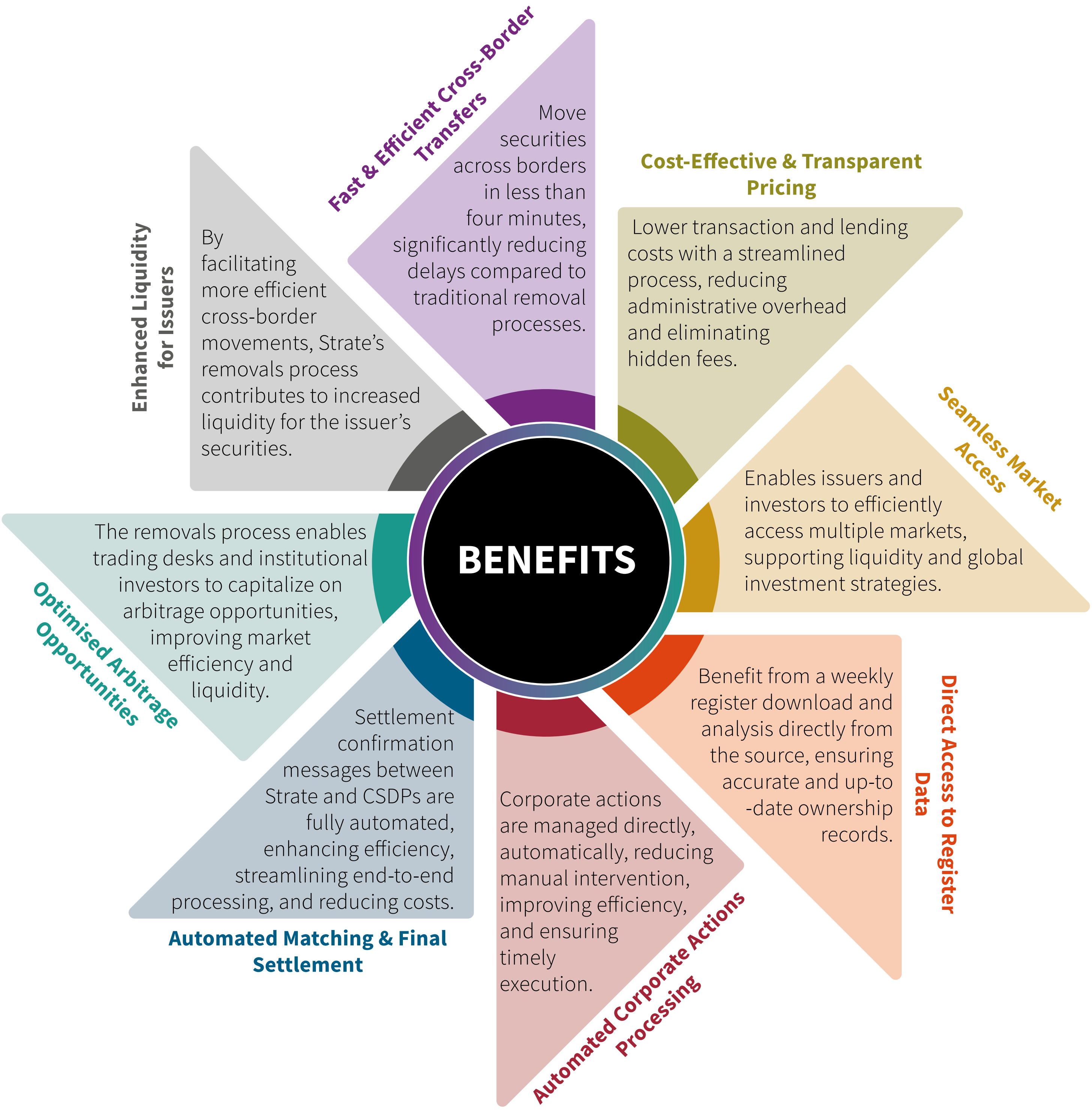
3. **Strate's automated model enabled by the CSD-to-CSD link**: allows securities transfer between foreign jurisdictions and South Africa using straight through processing with T+0 settlement capability. Through this simplified process, investors submit instructions to their CSD Participants, who electronically relay these to Strate and Euroclear. Once all conditions are met, the automated process completes the removal instruction to settlement finality within minutes.



Value created for ecosystem

The CSD-to-CSD link with Euroclear enabled the creation of an automated removals capability that aligns South Africa with global best practices and creates additional value across the ecosystem.

Euroclear Bank and Strate are regulated FMIs with the obligation to provide reliable services through their infrastructure. The automated removals capability provides the market with the same standard of system availability, service quality and reliability. This reliability generates confidence in South Africa's trading capabilities.



Pricing and invoicing

For investors:

Strate charges CSD Participants R267.30 (excluding VAT) per trade, monthly. CSD Participants include their fees when billing clients. No additional intermediary fees apply.

For issuers:

Strate issues a monthly invoice payable in EUR for the removal service. Strate's fee is based on the monthly average AUC.

Fee structure:

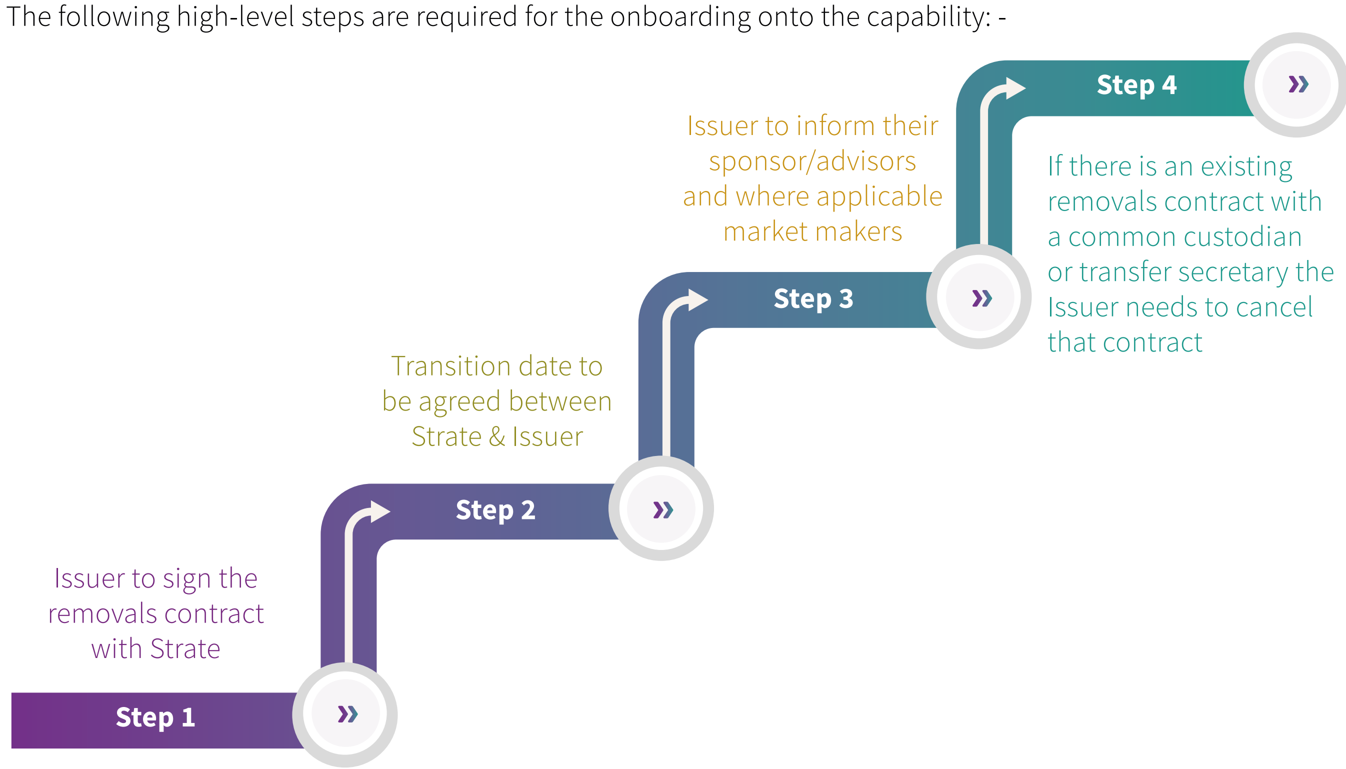
- A minimum fee of €550.00 per month up until assets under custody exceeds €170,000,000.00
- Above this threshold: 0.4 basis points per annum

The monthly average AUC is calculated as follows: -

- The market value of the securities held in the Strate Euroclear account which represents the South African register (total issued shares on South African exchanges) is determined daily
- Where applicable, the AUC value is converted into EUR at that day's exchange rate
- The sum of the daily AUC values is aggregated to determine the average monthly AUC
- The 0.4 bps per annum is applied to the average monthly AUC to determine the amount to be invoiced

Onboarding process

The following high-level steps are required for the onboarding onto the capability: -



Strate will facilitate: -

- Communication and training:
  - Notification to market and exchanges
  - Notification and guidance to local and offshore parties involved in removal trade instructions (CSDPs, Investors, Managers, Transfer Secretaries (where applicable))
- All activities related to the transition of the securities to Euroclear account

CORPORATE INFORMATION

The MARC Tower 1
129 Rivonia Road
Sandown
Sandton
2196

Tel: +27 (0) 11 759 5300
Fax: +27 (0) 11 759 5500
Email: info@strate.co.za

www.strate.co.za

strate