Directive of Strate (Pty) Ltd

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Strate Directive SI.1

Operational Market Windows and Securities Processing – Equities - A2X

strate

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To provide for the Settlement of transactions in Securities traded on A2X, to provide for special circumstances under which commitments to Settle transactions in equities traded on A2X may be reversed, and to cater for other related matters

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1. Interpretation and Definitions

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

2. Settlement of On-Exchange Trades

2.1 General

2.1.1 The following are the basic considerations and assumptions on which the operational timings in this Strate Directive are based:

2.1.1.1 the timings are those established in the Strate System;

2.1.1.2 for all incoming messages, it is 'Received Time' by the Strate System;

2.1.1.3 for all outgoing messages, it is 'Sent Time' by the Strate System;

2.1.1.4 for internal processing, it is 'Processing Time' by the Strate System; and

2.1.1.5 where a Back-to-Back Link or dependency link is created between an On-market transaction and an Off-market transaction, the same rules shall apply to both transactions and the link shall be established and maintained in accordance with the applicable requirements of clause 3.8 of Directive SC.2.

2.1.2 A Participant must have at least one Central Securities Account at Strate.

2.1.3 The timings on transaction acceptance, confirmations and commitments, as provided for in this Strate Directive, are not driven by system controls. As a result, it is possible that the Strate System might accept inputs beyond these timings. Such acceptances must not be seen as an assurance that the transaction will Settle.

2.2 Operational Timings – On-Market Trades

The following operational timings apply in respect of the Settlement of transactions in equities traded on the A2X Exchange. These operational timings are based on the assumptions and considerations provided in sub-section 2.1.

2.2.1 Strate's BOD is at 03h00. Strate's EOD is at 19h00. Should A2X or a Participant require Strate to move the EOD parameter beyond 19h00, the requestor needs to inform Strate in writing by no later than 17h30 on such day.

2.2.2 The Settlement cycle for A2X On-market trades is T+3. A2X will send On-market trades to Strate as follows:

2.2.2.1 allocation of a Client's On-market trade will be sent from 09h00 to 17h00 on T;

2.2.2.2 re-allocations of a Client's On-market trade will be sent until 18h00 on T+1; and

2.2.2.3 A Member's nett On-market trades will be sent on T+1 at 19h00.

2.2.3 Where Strate receives an On-market trade from A2X between 09h00 and 17h00 on T, Strate will send the On-market trade to the relevant Participant upon receipt on T. Strate will send the relevant Participant a re- allocation in real-time until 18h00 on T+1, and a Member's nett On-market trade at BOD on T+2.

2.2.4 A Participant may reject an On-market trade received from Strate. A Participant must send its Settlement allegement rejection to Strate by 18h00 on the day of receipt of the Settlement allegement.

2.2.5 A Participant must ensure that instructions are received from its Client prior to committing to an On-market trade.

2.2.6 A Participant may "un-commit" to a committed On-market trade up to 18h00 on T+1. Thereafter, a Participant may only un-commit to a committed On-market trade between 18h00 on T+1 and 15h00 on T+2, subject to approval by the A2X Settlement Committee via Strate Settlement Services, and in accordance with section 3 below.

2.2.7 A Participant must commit to an On-market trade by 15h00 on T+2. If a Participant is unable or not in a position to commit to the On-market trade, it must inform Strate Settlement Services and A2X Settlement Committee of its intentions and reasons.

2.2.8 A Back-to-Back Link for an On-market trade must be in place by 15h00 on T+2. If a Dependency Link is created for an un-committed transaction, it must be in place by 15h00 on T+2.

2.2.9 The removal program that breaks a Back-to-Back Link is initiated by Strate Settlement Services as required and in consultation with A2X, the relevant Participants and any other applicable Exchange.

2.2.10 A2X will initiate Principal Assumption at 16h00 on T+2 and generate an On-market trade to Strate thereafter. Strate will send the Principal Assumption On-market trade to the relevant Participant upon receipt from 16h00 on T+2, and the Participant must commit to such On-market trade by 18h00 on T+2.

2.2.11 In the event that an On-market trade is identified as a potential Failed Trade, the A2X Settlement Committee may initiate the Failed Trade procedure on T+2 after completion of Principal Assumption. The A2X Settlement Committee may also initiate the Failed Trade procedure between 10h00 and 12h00 on T+3 for any un-settled transactions.

2.2.12 Upon completion of the Failed Trade procedure, Strate will extend operating windows to enable a Participant to un-commit, commit, create a Back-to-Back or Dependency Link, or remove a Back-to-Back Link.

2.2.13 A Participant must reconcile its Securities positions in the Strate System. For this purpose, the Strate System generates a statement of holdings message at 18h00 on a daily basis or only on such days when there has been a change in Securities positions in a Central Securities Account, as required by a Participant, and sends it to the Participant. In case of any discrepancies, a Participant is required to request the audit trail details by requesting a statement of transactions message.

2.2.14 If an On-market trade is rejected by a Participant in terms of 2.2.4 above, A2X may send Strate an amended On-market trade from 09h00 on T to 18h00 on T+1.

2.2.15 Settlement of committed On-market trades is initiated from BOD on S. Strate sends Settlement confirmation messages to Participants and A2X once Settlement is completed.

2.2.16 Payment runs are initiated by Strate as required. The first payment run is initiated at 07h30 and the last payment run is initiated at 15h00.

2.2.17 A Participant must instruct its settlement bank to fund the applicable SAMOS account by 09h00 on S for the first payment run, and within 30 (thirty) minutes of its receipt of the payment advice from Strate Settlement Services for subsequent payment runs.

2.3 Operational Timings – Capital Exposure Requirement

The following operational timings apply in respect of the Settlement of a Capital Exposure Requirement transaction generated by A2X Exchange. These operational timings are based on the assumptions and considerations specified in sub-section 2.1.

2.3.1 The Settlement cycle for a Capital Exposure Requirement transaction is T+0. A2X will send Capital Exposure Requirement transactions to Strate as follows:

2.3.1.1 a cash collateral call and refund by 09h00 on T;

2.3.1.2 a Securities collateral call and refund by 09h00 on T.

3. Moment of Finality

3.1 The Moment of Finality of Instructions referred to in the Strate Rules is:

3.1.1 16h00 on T+2 for On-market trades; and

3.1.2 the moment immediately preceding Settlement for a Securities Lending and Borrowing Transaction, Securities Lending and Borrowing Return Transaction, Collateral or Collateral Return Transaction.