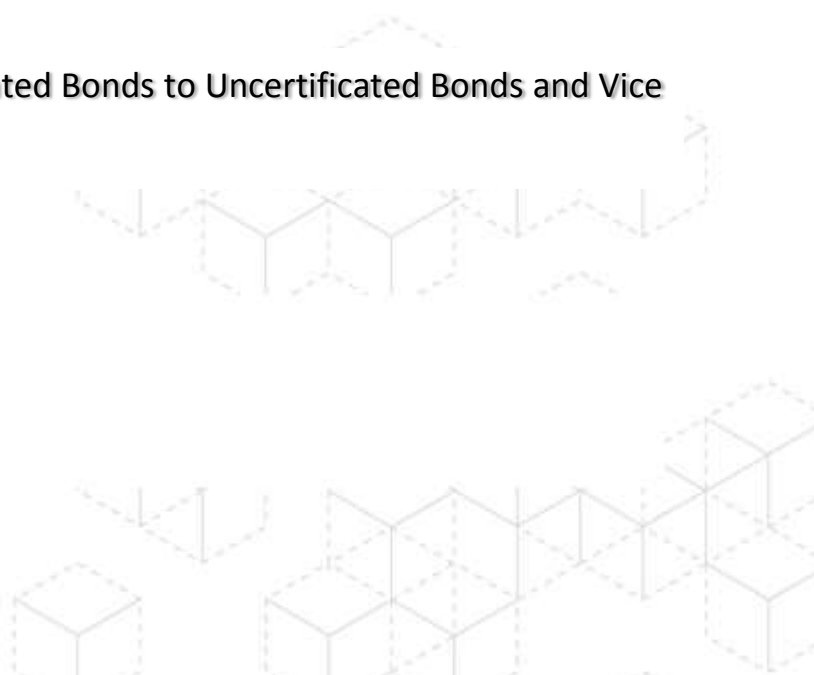


# Directive of Strate Proprietary Limited

Special Gazette No S12-2016

Strate Directive SB.2

Procedures for Conversion of Certificated Bonds to Uncertificated Bonds and Vice Versa





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**To cater for the process that Participants and Issuers who have no direct link to the Strate System must follow for an orderly and regulated deposit and withdrawal process so that there is no duplication of Securities in the register, the Securities holder is not dispossessed and to limit the risk face by Strate and Issuer in the process<sup>1</sup>**

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<sup>1</sup> “CSD” and “the CSD” changed to Strate throughout the document with effect from 1 December 2016

<sup>2</sup> Amended with effect from 6 April 2015

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## 1. **INTERPRETATIONS AND DEFINITIONS**<sup>3</sup>

In this Strate Directive, any interpretation, word, or expression to which a meaning has been assigned in the Strate Rules bears a meaning so assigned to it.

‘Books Closed Period’ means the time between LDR and Payment Date during which time any new registrations shall be ex-entitlement;

‘LDR’ means Last Day to Register, being close of business on the last day an investor may send a certificate to the Issuer Agent for transfer into her name and the day on which all current registered holders will be eligible for an entitlement as stipulated on the Listing Information; and

‘Listing Information’ means the essential terms of the Security including but not limited to the LDR and Payment Date or such other related information as stipulated by the Issuer.

‘Strate System’ means the computer system or systems and associated network or networks operated or used by Strate for the purpose of clearing and settlement of trades in Securities, or any other purpose in terms of the Act;

## 2. **DEMATERIALIZATION OF BOND SECURITIES**<sup>4</sup>

2.1 A Participant may at any time, except during Books Closed Period for redemption purposes, initiate the dematerialisation of certificated Securities which are of a class which are held in Strate as Uncertificated Securities, by capturing a deposit request into the Strate System.

2.2 The Strate System electronically generates an electronic message to Strate which in turn advises the Issuer or its agent of the deposit request.

2.3 The Participant delivers the certificates to the Issuer or its agent, and the Issuer or its agent verifies the details of such certificates and the Issuer or its agent advises Strate, in writing, to accept the deposit request by electronically capturing a confirmation into the Strate System. By instructing Strate in terms of this clause 2.3, the Issuer or its agent confirms that it has complied with any applicable legislation, and has:

2.3.1 recorded in the Issuer’s Securities Register the increase of the holdings in Strate in that class of Securities by the number of Securities deposited; and

2.3.2 cancelled the certificate/s which it has received.

2.4 On receipt and matching of the confirmation in 2.3 above, the Strate System:

2.4.1 increases the Issuer’s account in that class of Securities by the number of Securities deposited; and

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<sup>3</sup> Amended with effect from 6 April 2015

<sup>4</sup> Amended with effect from 6 April 2015

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- 2.4.2 increases the holding of the relevant Participant in that class of Securities by the number of Securities deposited.

### **3. ISSUE OF BONDS SECURITIES IN DEMATERIALIZED FORM<sup>5</sup>**

- 3.1 An Issuer or its agent may issue new Securities or additional Securities as Uncertificated Securities, by instructing Strate, in writing, to electronically capture an entry into the Strate System recording the number and class of those new or additional Securities as an uncertificated issue of those Securities in Strate.
- 3.2 By instructing Strate in terms of 3.1 above, the Issuer or its agent acknowledges that it has recorded in the Issuer's Securities register the increase of the holdings in Strate in that class of Securities by the number of the new or additional Securities.
- 3.3 The Strate System notifies the Issuer's nominated Participant electronically of the entry made by Strate on the Issuer's behalf, and the Participant must confirm receipt of the issue by electronically capturing a confirmation of the entry made by Strate, on the Issuer's behalf, into the Strate System. Once Strate's System has matched the Participant's confirmation with Strate's entry, the Issuer's account will, in respect of that class of Securities, be increased by the number of Securities reflected as an uncertificated issue of those Securities in Strate. The balance of the Participant's account in that class of Securities will also be increased by the same number to reflect an increase in the holding of the Participant in that class of Securities. The Participant must in turn make the necessary entry in its own records to reflect the increased holding in that class of Securities on behalf of the Issuer.

### **4 WITHDRAWAL BY PARTICIPANTS OF UNCERTIFICATED SECURITIES FOR CONVERSION TO CERTIFICATED SECURITIES<sup>6</sup>**

- 4.1 A Participant may withdraw Uncertificated Securities which are held in Strate, by capturing a withdrawal request into the Strate System.
- 4.2 The Strate System generates an electronic message to Strate which in turn advises the Issuer or its agent of the withdrawal request.
- 4.3 The Issuer or its agent must provide Strate with a certificate number in respect of the Securities being withdrawn, and advise Strate, in writing, to confirm the withdrawal request by electronically capturing a confirmation into the Strate System. By instructing Strate in terms of this clause 4.3, the Issuer or its agent confirms that it has:
- 4.3.1 recorded in the Issuer's Securities Register the reduction of the Securities held in Strate in that class of Securities by the number of Securities withdrawn; and
- 4.3.2 issued a certificate in the name of the party in whose name the withdrawn Securities have been registered in the Issuer's Securities Register.

<sup>5</sup> Amended with effect from 6 April 2015

<sup>6</sup> Amended with effect from 6 April 2015

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- 4.4 On receipt and matching of the confirmation, the Strate System:
- 4.4.1 reduces the balance of the Issuer's account in that class of Securities; and
  - 4.4.2 reduces the balance of the relevant Participant's account in that class of Securities

## **5 WITHDRAWAL BY ISSUER OR ITS AGENT OF UNCERTIFICATED SECURITIES FROM STRATE**<sup>7</sup>

- 5.1 The Issuer or its agent may withdraw Uncertificated Securities held in Strate by instructing Strate to electronically capture an entry into the Strate System recording the number and class of those Securities which it wishes to withdraw, thereby reducing the quantity of that class of Securities in issue.
- 5.2 The Strate System notifies the Issuer's nominated Participant electronically of the entry made by Strate on the Issuer's behalf, and the Participant must confirm receipt of the withdrawal request by electronically capturing a confirmation of the entry made by Strate on the Issuer's behalf into the Strate System.
- 5.3 Once the Strate System has matched the Participant's confirmation with Strate's entry, the Issuer's account is, in respect of that class of Securities, decreased by the number of Securities reflected in the entry captured by Strate in terms of clause 5.1 above. This reflects a reduction in the number of the Issuer's Uncertificated Securities held in Strate. The balance of the Issuer's Participant's account in that class of Securities is decreased by the same number to reflect a decrease in the holding of the Issuer's Participant in that class of Securities. The Issuer's Participant must in turn make the necessary entry in its own records to reflect the decreased holding of the Issuer in that class of Securities on behalf of the Issuer.
- 5.4 When the Issuer's Participant's confirmation matches the withdrawal request in the Strate System, the Issuer or its agent acknowledges that it shall reduce the balance recorded in the Issuer's Securities Register of the class of Securities held in Strate by the number of Securities withdrawn.

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<sup>7</sup> Amended with effect from 6 April 2015  
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