

Directive of Strate Proprietary Limited

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Strate Directive SE.2

Master File Administration - Money Market Securities





The purpose of this Strate Directive is to define the minimum information that is required from Participants and Business Partners in order for Strate to maintain the integrity of the MM Securities registers¹

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¹ 'CSD' changed to 'Strate' and 'Rules' and 'Directives' changed to 'Strate Rules' and 'Strate Directives' throughout the document with effect from 1 December 2016



1. INTRODUCTION AND PURPOSE

The various activities involved in the electronic issuing, transaction reporting, custody, clearing and settlement of MM Securities and Capital Events are regarded as *roles*. Any person who meets the entry criteria to fulfill one or several roles is referred to as a Participant or a Business Partner, as the case may be.

Participants and Business Partners submit unique master static data in their application form to Strate. The Money Market Settlement System (MMSS) records this data in a Money Market Participant or Business Partner Register (MMPBPR). The MMSS assigns a unique Business Partner Identification Number (BPID) to each Participant and Business Partner. The MMSS:

- i) records the Participant and Business Partner's specific roles;
- ii) permits access to the various functionalities in the MMSS; and
- iii) defines and records the electronic communication which takes place between the Participant or Business Partner and Strate.

A Full Participant submits to the MMSS unique master static data for its own institution and those of its Clients. The MMSS:

- i) records such information in the Money Market Central Client Register (MMCCR);
- ii) assigns a Unique Client Code for the Full Participant and / or per Client; and
- iii) assigns an MM Securities Account for the Full Participant and / or per Client in the Securities Ownership Register (SOR).

A Corporate Participant submits its unique master static data to Strate for the above purposes.

MM Securities issued through Strate are recorded in the Money Market Securities Register (MMSR).

The administration of the aforementioned registers in the MMSS is referred to as the Master File Administration (MFA).

The purpose of this Strate Directive is to define the minimum information that is required from Participants and Business Partners in order for Strate to maintain the integrity of the registers described in 3.1 below.

2. DEFINITIONS AND INTERPRETATION

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

'Business Partner' means an entity which is not a Participant and which interfaces with Strate to perform an essential market function in the issue, investment and settlement of MM Securities. Business Partners in the MM environment include MM Issuers, Issuer Agents, traders and Settling Banks;

'BPID' means a unique Business Partner Identification Number assigned to every Participant and Business Partner linked to the MMSS;



‘Capital Event’ means an action taken by an MM Issuer or Issuer Agent which affects the holding or entitlement of the owners of MM Securities;

‘Coupon Payment’ means a Capital Event which involves payment of interest by an MM Issuer to the owners of the MM Securities;

‘Full Participant’ means a Participant, excluding a Corporate Participant;

‘Maturity’ and ‘Maturity Payment’ means a Capital Event which involves the repayment of capital by an MM Issuer to the owners of the MM Securities;

‘MFA’ means Master File Administration comprising the MM Securities registers maintained in accordance with this Strate Directive;

‘MM Securities Account’ means a Securities Account opened and maintained by or on behalf of a Participant for a Client, or for itself, in the Securities Ownership Register reflecting the Client Identification Data of such Client, or itself, and the nominal value of MM Securities deposited and all entries made in respect of such MM Securities;

‘MMSS’ means the electronic Money Market Settlement System that facilitates securities services with regards to MM Securities;

‘On-us’ means settlement through accounting entries within a Settling Bank acting for both the seller and purchaser of an MM Security, or acting for an MM Issuer making Coupon and Maturity Payments, and a Participant with a Client qualifying to receive Coupon and Maturity Payments from the MM Issuer;

‘SAMOS RTL’ means the SAMOS Real Time Line payment stream;

‘Settling Bank’ means a bank which is a settlement system participant in SAMOS and is responsible for funding the SAMOS RTL for the settlement of transactions, Coupon and Maturity Payments. The Settling Bank also confirms On-us settlement of transactions, Coupon and Maturity Payments.

3. MASTER FILE ADMINISTRATION

The four registers to be maintained in the MMSS through the MFA function are:

- Money Market Participant/Business Partner Register – “MMPBPR”;
- Money Market Securities Register – “MMSR”;
- Money Market Central Client Register – “MMCCR”;
- Securities Ownership Register – “SOR”.

4. MONEY MARKET PARTICIPANT / BUSINESS PARTNER REGISTER

4.1 A Participant and Business Partner must report its BPID in all electronic communications with the MMSS.



- 4.2 A Business Partner may choose to take on several roles, noted below, and as such may choose to have one BPID for all the roles it has assumed or individual BPID numbers for each role in the MMSS.
- 4.3 The following are the roles available in the MMSS:
- 4.3.1 **Single role:**
- Central Securities Depository (CSD) – only one role, reserved for Strate.²
 - National Numbering Agency (NNA) – only one role, reserved for the JSE Ltd.
 - South African Multiple Option Settlement (SAMOS) System – only one role, reserved for the South African Reserve Bank (SARB).
 - SARB - Bank Supervision Department.
- 4.3.2 **Multiple roles:**
- MM Issuer
 - Issuer Agent
 - trader
 - Settling Bank
 - Full Participant
 - Corporate Participant.
- 4.4 Participants and Business Partners must maintain their own master static data with the Strate.
- 4.5 The following information must be provided by the MM Issuer in order for Strate to apply the necessary and correct linking throughout the MMSS:
- Client code
 - Issuer Agent
 - MM Securities Account number
 - Participant
 - Settling Bank
 - MM types that the MM Issuer and its Issuer Agent are authorised to issue.
- 4.6 The MM Issuer may appoint more than one Issuer Agent, Participant and Settling Bank and consequently may have more than one MM Securities Account. The MM Issuer only has one Client code linked to each of its MM Securities Accounts.
- 4.7 A Settling Bank must be a SAMOS participant.

5. MONEY MARKET SECURITIES REGISTER

- 5.1 The Money Market Securities Register records all electronic MM Securities issued and details the minimum unique underlying characteristics and generic categories of the MM Securities.

² Amended with effect from 14 July 2014
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- 5.2 The Money Market Securities Register records the ISIN, assigned by the NNA, for each MM Security issued.
- 5.3 Any amendment to the issued amount recorded in the Money Market Securities Register must be reported to the MMSS by the Issuer Agent.
- 5.4 Reporting in terms of 5.3 updates the issued amount in the MMSR.

6. MONEY MARKET CENTRAL CLIENT REGISTER

- 6.1 When electronically opening MM Securities Account/(s) for their Clients, Full Participants must electronically add to the Money Market Central Client Register the following information:
- 6.1.1. unique static Client Identification Data;
 - 6.1.2. Client category; and
 - 6.1.3. Institutional sector code, in accordance with the requirements of the SARB.
- 6.2 If a Full Participant requires its own MM Securities Account, it must add “itself” as a Client to the Money Market Central Client Register.
- 6.3 The available Client categories are:

Client Category	Unique Client Identification Data
1. SA Citizens	SA Id Number* + SARS Tax No.*
2. SA Permanent Residents	SA Id Number* + SARS Tax No.*
3. SA Emigrants	SA Id Number* + SARS Tax No. (Conditional)
4. Foreign Citizens	Personal Ref No.* + Country of Residence (Conditional) + Date of Birth (Optional)
5. S.A. Close Corporations	CC No.* + SARS Tax No.*
6. S.A. Companies	Co. Reg. No.* + SARS Tax No.*
7. Foreign Companies	Incorporation No.* + Country of Incorporation*
8. Other Legal Persons	Legal Form Reference No.*
9. Trusts	Trust Deed Registration No.* + SARS Tax No.*

*** Denotes mandatory information**

- 6.4 Unique static Client Identification Data is recorded only once for a Client in the Money Market Central Client Register and the MMSS assigns such Client a Unique Client Code, regardless of the number of Full Participants such Client has a relationship with. Where a Full Participant adds its Client’s unique static details into the Money Market Central Client Register in order to open an MM Securities Account for the Client, the MMSS notifies such Full Participant immediately of its Client’s assigned Unique Client Code and the MM Securities Account number.
- 6.5 Corporate Participants cannot load Clients’ details in the Money Market Central Client Register or open MM Securities Accounts for Clients. Strate adds Corporate Participants’ unique static details to the Money Market Central Client Register and opens MM Securities Account(s) for them.



- 6.6 Unique static Client Identification Data in the Money Market Central Client Register may only be amended by electronic instruction from the Client's Full Participant, or, in the case of a Corporate Participant, by written communication with Strate.

7. SECURITIES OWNERSHIP REGISTER

- 7.1 The Securities Ownership Register (SOR) comprises the aggregate of all Clients' MM Securities Accounts.
- 7.2 An MM Securities Account records the MM Securities holdings per ISIN for a specific Client.
- 7.3 Full Participants must add and maintain details of MM Securities Accounts for their Clients. This data is held per Client and not as part of the Money Market Central Client Register.
- 7.5 A Participant may extract, for its own or its Clients' holdings only, the MM Securities holdings per ISIN, per MM Securities Account for any range of Business Days in the preceding 6 (six) months.
- 7.6 Each MM Security in a Client's MM Securities Account is held as a separate set of balances (nominal values) and reflects the status of the Client's holdings as follows:
- 7.6.1 Free Balance: the nominal value of the unencumbered holding;
 - 7.6.2 Trading Reserve Balance: the nominal value of the holdings reserved for settlement committed to by the Client's Full Participant, or by the Corporate Participant trading on its own MM Securities Account. Once transactions reported are matched and committed to by Participants, the MM Security holdings are *reserved* in the MM Securities Account of the seller, i.e. the holdings to satisfy the delivery for the transaction are moved from the Free Balance to the Trading Reserve Balance of the seller. Once settlement is confirmed to the MMSS, the Trading Reserve Balance is reduced accordingly and the buyer's Free Balance is increased;
 - 7.6.3 Pledge To Balance: the nominal value of the MM Securities that have been pledged are moved from the Free Balance to the Pledge To Balance by the MMSS. MM Securities in the Pledge To Balance are not available for delivery against any transactions reported by the Client until the pledge is released. Once the pledge is released, the Nominal Value of the MM Securities in the Free Balance is increased and the Pledge To Balance is reduced accordingly.
- 7.7 The total holding in the MM Securities Account is the aggregate of the Free Balance, the Trading Reserve Balance and the Pledge To Balance.
- 7.8 The nominal value of MM Securities recorded in an MM Securities Account as "Pledge From Balance" represents Clients from whom MM Securities have been pledged. These MM Securities are recorded as a separate balance in the MM Securities Account of the Client to whom MM Securities have been pledged for information purposes only and do not constitute the total holdings in the Client's MM Securities Account.