

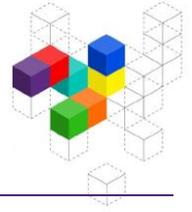
# Directive of Strate Proprietary Limited

Special Gazette No [M4-2016]

Strate Directive SF.5

Fines Schedule – Money Market Securities





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**To cater for the imposition of fines by Strate for the contravention of the Strate Rules and Strate Directive SE.3  
– Operational Market Windows – Money Market Securities<sup>12</sup>**

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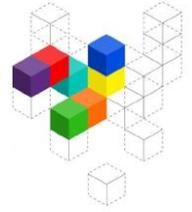
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<sup>1</sup> “CSD” and “the CSD” amended to “Strate” throughout the document with effect from 6 June 2016

<sup>2</sup> “Rule/s” and “Directive/s” become “Strate Rule/s” and “Strate Directive/s” throughout the document with effect 6 June 2016



## 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 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;

‘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 transactions in Securities, or any other purpose performed by Strate in terms of the Act;<sup>4</sup>

‘Electronic Trade Matching Engine (ETME)’ means an application system which is situated between a Business Partner with a trade reporting role and the Money Market Settlement System (MMSS) and is used as a bulk matching and transaction allocation tool that reports transactions for settlement to the MMSS;

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

‘S’ means Settlement Date, the day on which a particular MM Security transaction is settled through Strate;

‘Strate Operations’<sup>5</sup> means the operations division of Strate responsible for communication between Participants, Exchanges and Strate relating to settlement operations; and

‘STRATE Supervision’ means the supervision division of Strate headed by the Head of STRATE Supervision and set up by the Controlling Body in terms of the Strate Rules.<sup>6</sup>

## 2 APPLICATION<sup>7</sup>

2.1 The following fines, which do not attract Value Added Tax, may be levied on Participants and Business Partners by Strate for contravention of the Strate Rules and Strate *Directive SE.3 – Operational Market Windows – Money Market Securities*.

2.2 Notwithstanding the imposition of a fine in terms of this Strate Directive, further penalties may be imposed against a Participant 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.

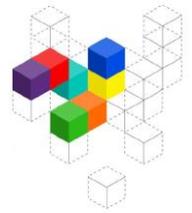
<sup>3</sup> ‘Participant’ definition removed with effect from 14 July 2014

<sup>4</sup> Amended with effect from 14 July 2014

<sup>5</sup> ‘Custody and Settlement’ changed to ‘Operations’ throughout the document with effect from 24 July 2014

<sup>6</sup> Amended with effect from 14 July 2014

<sup>7</sup> Amended with effect from 14 July 2014



### 3 FINES<sup>8</sup>

CONTRAVENTION	CROSS-REFERENCE	FINE
<p><b>3.1 Late Reporting of Transactions</b></p> <p>Failure by a counterparty to report its leg of a transaction within 60 (sixty) minutes of a transaction having been reported to the ETME. This 60 (sixty) minute window is only applicable from 10h30.<sup>9</sup></p>	<p>Directive SE.3</p> <p>3.3.2</p>	<p>R1 000,00 per transaction leg reported to Strate after the set time parameter.</p>
<p><b>3.2 Extension of Reporting and Commitment Windows</b></p> <p>Requests to extend the reporting and/ or commitment windows beyond 15h00 and 15h30 respectively on S.</p>	<p>Strate Directive SE.3</p> <p>3.3.3.1; 3.3.3.2; and 3.4.1<sup>10</sup></p>	<p>R10 000 for the first 15 minutes each window is extended (or part thereof) and an additional R5 000 for the next 15 minutes (or part thereof).</p>
<p><b>3.3 Extension of the Settlement Window</b></p> <p>Requests to extend the settlement window beyond 16h00 on S.</p>	<p>Strate Directive SE.3</p> <p>3.3.3.3</p>	<p>R20 000 for the first 30 minutes the window is extended and an additional R10 000 for each additional 15 minutes (or part thereof) the window remains extended.</p>
<p><b>3.4 Processing of an Unauthorised Transaction</b></p> <p>Reporting and/ or committing to a transaction without prior written approval during the extension of the reporting and/ or commitment window on S.</p>	<p>Strate Directive SE.3</p> <p>3.3.3.1; 3.3.3.2; 3.3.3.3; and 3.4.1<sup>11</sup></p>	<p>R10 000 per unauthorised transaction leg reported and/ or committed.</p>
<p><b>3.5 SAMOS Funding</b></p> <p>Failure by the Participant to fund the SAMOS account within 60 minutes of receipt of the payment advice from Strate Operations.</p>	<p>Strate Directive SE.3 3.3.4</p>	<p>R10 000 for failure to fund within 60 minutes of receipt of the payment advice, and an additional R5 000 for each additional 30 minutes (or part thereof) during which the SAMOS account remains unfunded.</p>
<p><b>3.6 Balancing of Counters</b></p> <p>Participants must reconcile balances with Strate on a daily basis.</p>	<p>Strate Rule 5.2</p>	<p>R2 500 per ISIN per Business Day in which the Participant's records remain out of balance with those of Strate.<sup>12</sup></p>

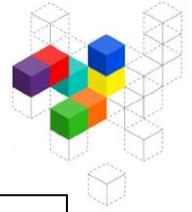
<sup>8</sup> Section amended with effect from 6 June 2016

<sup>9</sup> Amended with effect from 26 March 2013

<sup>10</sup> Amended with effect from 2 June 2014

<sup>11</sup> Amended with effect from 2 June 2014

<sup>12</sup> Amended with effect from 3 June 2013



<p><b>3.7 Further Contraventions</b></p> <p>3.7.1 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>3.7.2 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>		
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**4 PAYMENT AND PUBLICATION OF FINES**

- 4.1 A Participant or Business Partner 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 or Business Partner.<sup>13</sup>
- 4.2 Where a Participant or Business Partner 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 or Business Partners in terms of this Strate Directive.<sup>14</sup>

**5. CAPTURING ERRORS**

- 5.1 Capturing errors which introduce risk to Strate, a Participant, Business Partners or Clients are not accepted as grounds for mitigation or the waiving or reversal of fines.

**6. TECHNICAL DIFFICULTIES<sup>15</sup>**

- 6.1 Where technical difficulties impair a Participant or Business Partner’s ability to perform within the stipulated timeframes, such difficulties may only be taken into account as mitigation where the Participant or Business Partner has advised Strate Operations Services timeously of such difficulties. Where technical difficulties of one Participant or Business Partner affect the ability of another Participant or Business Partner to perform within the stipulated time frames, such difficulties may be taken into account as mitigation for the other Participant or Business Partner.

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<sup>13</sup> Amended with effect from 6 June 2016  
<sup>14</sup> Amended with effect from 14 July 2014  
<sup>15</sup> Amended with effect from 6 June 2016