

# Directive of Strate Proprietary Limited

Special Gazette No Z1-2016

STRATE DIRECTIVE SF.6

Fines Schedule – On-Exchange and Off-Exchange – ZAR X





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**To cater for the imposition of fines by Strate for the contravention of Strate Directive SG.1 – Operational Market Windows and Securities Processing – ZAR X**

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## 1 INTERPRETATIONS AND DEFINITIONS

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.

‘Account Transfer’ means a free of payment transfer, resulting in no change in beneficial ownership, between a Client’s Securities Accounts, either at a single Participant or between Participants;

‘Corporate Action or Corporate Event’ means an action taken by an Issuer or any other entity or third party which affects the owners of Securities in terms of entitlements or notifications;

‘Portfolio Movement’ means a free of payment transfer, resulting in no change in beneficial ownership, of a Client’s Securities portfolio when such Client changes service providers. The Portfolio Movements may take place between two Participants, two Brokers, two Investment managers or a combination thereof;

‘Record Date (RD)’ means the date on which the holdings, upon which the Corporate Action entitlement is based, are ascertained;

‘S’ means settlement day, the day on which a transaction in a particular Security is settled through Strate;

‘Same Day Settlement’ or ‘Same Day’ means a transaction booked to Strate on the same day on which settlement occurs, irrespective of the actual trade date;

‘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;

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

‘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;

‘T’ means trade date, the day on which a particular transaction was entered into;

‘T+X’ means trade date plus X Business Days, ‘X’ being the number of Business Days stipulated in the Strate Directive; and

‘ZAR X’, ‘ZAR X Exchange’ or ‘the Exchange’ means ZAR X Proprietary Limited, Registration Number 2015/089692/07.

## 2 APPLICATION

- 2.1 The following fines, which do not attract Value Added Tax, may be levied on Participants by Strate for contravention of Strate Directive SG.1 - *Operational Market Windows and Securities Processing - ZAR X*.
- 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.



### 3 FINES

CONTRAVENTION	SG.1 CROSS-REFERENCE	FINE
<p><b>3.1 Late reporting of transactions in respect of:</b></p> <ul style="list-style-type: none"> <li>Account Transfers on Record Date where there is a pending Corporate Action reported after 09h00 on S (Client type 30).</li> <li>Portfolio Movements on Record Date where there is a pending Corporate Action reported after 09h00 on S (Client type 31).</li> <li>Corporate Action transactions reported after 15h00 on S-1, except for Same Day Corporate Action transactions reported in terms of paragraph 7.5 of Directive XXX (Client type 23).</li> <li>Account Transfers (Client type 30).</li> <li>Portfolio Movements (Client type 31).</li> </ul>	<p>Par 3.4.4 Par 3.5.4 Par 7.2 Par 3.4.2 Par 3.5.2</p>	<p>R1 000 per transaction leg reported to Strate after the set time parameter.</p>
<p><b>3.2 Late committing to transactions in respect of:</b></p> <ul style="list-style-type: none"> <li>On-Exchange transactions.</li> <li>Account Transfers (Client type 30).</li> <li>Portfolio Movements (Client type 31).</li> <li>Corporate Action transactions (Client type 23).</li> <li>Account Transfers on Record Date where there is a pending Corporate Action committed to after 10h00 on S (Client type 30).</li> <li>Portfolio Movements on Record Date where there is a pending Corporate Action committed to after 10h00 on S (Client type 31).</li> <li>Corporate Action transactions committed to after 17h00 on S-1, except for Same Day Corporate Action transactions committed in terms of paragraph 7.5 of Directive XXX (Client type 23).</li> </ul>	<p>Par 2.2.6 Par 3.4.2 Par 3.5.2 Par 7.3 Par 3.4.4 Par 3.5.4 Par 7.3</p>	<p>R1 000 per transaction leg committed to after the set time parameter.</p>
<p><b>3.3 Failed trades</b></p> <p>Failed On-Exchange trades due to a Participant failing to commit, where such Participant has not informed Strate Operations of its intentions and reasons for failing to commit.</p>	<p>Par 2.2.6</p>	<p>R10 000 per failed transaction</p>
<p><b>3.4 Account Transfers and Portfolio Movements are permitted provided that there is no change in beneficial ownership.</b></p>	<p>Par 3.4.3 and 3.5.3</p>	<p>R1 000 per transaction leg that is reported to Strate with the taxable indicator as “yes”.</p>



3.5 Account Transfer and Portfolio Movements must be processed with the free of payment settlement type.	Par 3.4.5 and 3.5.5	R1 000 per transaction leg that is reported and settled to Strate against payment.
<p><b>3.6 Further Contraventions</b></p> <p>3.6.1 Where an individual transaction results in a contravention of this Strate Directive any further contravention arising from the same incident, may result in further fines.</p> <p>3.6.2 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>		

#### 4 PAYMENT AND PUBLICATION OF FINES

- 4.1 A Participant 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.
- 4.2 Where a Participant 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 in terms of this Strate Directive.

#### 5 CAPTURING ERRORS

- 5.1 Capturing errors which introduce risk to Strate, an Exchange, other Participants, issuers or Clients are not accepted as grounds for mitigation or the waiving or reversal of fines.

#### 6 TECHNICAL DIFFICULTIES

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