Directive of Strate (Pty) Ltd

Special Gazette No. S6-2025
Strate Directive SE.4

Trade Reporting, Commitment and Settlement - Money Market Securities

strate

To provide for reporting, matching, commitment and settlement of transactions in money market securities

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1. Interpretation and Definitions

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

1.2 Settlement and Transaction Types

1.2.1 Transactions may be executed on a T+0 or T+n basis.

1.2.2 The following Settlement types are allowed for MM Securities:

1.2.2.1 DVP – Deliver Versus Payment;

1.2.2.2 RVP – Receive Versus Payment;

1.2.2.3 DFP – Deliver Free of Payment;

1.2.2.4 RFP – Receive Free of Payment;

1.2.2.5 DPL – Deliver Pledge;

1.2.2.6 RPL – Receive Pledge;

1.2.2.7 DRL – Deliver Release Pledge; and

1.2.2.8 RRL – Receive Release Pledge.

1.2.3 The following transaction types are allowed, as per the allocated Client types:

##	Transaction Type	Client Type
1.2.3.1	Account Transfers	Client type 30
1.2.3.2	Portfolio Movements	Client type 31
1.2.3.3	Sell and Buy Back	Client types 60 and 61
1.2.3.4	Replacement of the second leg to a Sell and Buy Back transaction	Client type 61

2. Transaction Reporting

2.1 All transactions must be reported to the ETME for matching and Settlement.

2.2 A transaction for same day Settlement must be reported to the ETME in terms of the timeframes detailed in Strate Directive SE.3 – *Operational Market Windows – Money Market Securities.*

2.3 The ETME only accepts transactions from Business Partners registered with a "trader" role.

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2.4 A Corporate Participant must report a transaction as “pre-committed”.

2.5 A Participant with a trader role, may report its Client’s transaction to the ETME as “pre-committed”.

2.6 Account Transfers, Portfolio Movements, pledge and release pledge transactions are only reported to the ETME by the Participants of the parties to these transactions. Such Participants must have a trader role.

2.7 Transaction details reported must include the bulk nominal value and consideration traded, and each transaction leg must include at least one underlying allocation to the bulk nominal value and consideration traded.

2.8 The bulk nominal value and any underlying allocations to the bulk must comply with the minimum tradable denomination determined by the MM Security Issuer or Issuer Agent.

2.9 A Sell and Buy-Back Transaction must be reported to the ETME, including details of the repurchase amount and Settlement Date, second leg and transaction type.

2.10 The repurchase Settlement Date of the second leg of a Sell and Buy-Back Transaction cannot be later than the Reconciliation Date of the underlying MM Security.

2.11 A Sell and Buy-Back transaction can only have one underlying allocation to the bulk nominal value traded and consideration.

2.12 Only a single MM Security may be used in the execution of a Sell and Buy-Back transaction.

2.13 A Sell and Buy-Back transaction requiring multiple MM Securities must be reported as separate Sell and Buy-Back Transactions for each underlying MM Security.

2.14 The following transaction information must be reported to the ETME:

Trade Information
(a) ISIN
(b) Settlement type
(c) Transaction type (where applicable)
(d) Settlement Date (S)
(e) Repurchase date (Sell and Buy Backs only)
(f) Nominal value of the bulk executed transaction
(g) Consideration of the bulk executed transaction
(h) Repurchase consideration (Sell and Buy Backs only)
(i) Trader’s Business Partner identification number
(j) Counterparty trader’s Business Partner identification number
(k) Internal trade reference number (“ITR”)
(l) Central Securities Account for each underlying allocation to the bulk.
(m) Nominal value and consideration amount for each underlying allocation to the bulk

2.15 The ITR reported by the trader is not used for bulk matching purposes but is used for:

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2.15.1 cancellation or replacement by a trader of a transaction reported before matching by the ETME;

2.15.2 inclusion in the status intimation sent to the trader to notify it of invalid transaction information rejected by the ETME;

2.15.3 inclusion in the status intimation information sent back to the trader by the ETME when transaction information has matched or when a transaction has "timed-out" and been failed at the EOD procedures in the Strate System;

2.15.4 matching, by the trader, of information reported from the ETME to the correct transaction in the trader's back office.

2.16 Once matched in the ETME, transaction details cannot be modified or cancelled, except for the second leg to a Sell and Buy-Back Transaction.

2.17 The transaction details of the second leg of a matched Sell and Buy-Back Transaction may be cancelled prior to S of the second leg by both parties to the Sell and Buy-Back Transaction reporting the cancellation to the ETME. If one party fails to report the cancellation to the ETME, the transaction status will revert to "matched" at EOD.

2.18 The MM Securities to be used in the new second leg must be reported to the ETME for matching by both trading parties and must include the transaction type and the original ITR reported by each trading party in the initial Sell and Buy-Back Transaction, and a new ITR for the second leg.

2.19 Multiple MM Securities may be used to replace the cancelled second leg of the Sell and Buy-Back Transaction and must be reported individually to the ETME for matching, with the transaction type and the original ITR reported by each trading party in the initial Sell and Buy-Back Transaction and a new ITR for each of the replacement legs used.

2.20 The responsibility for the booking of a replacement second leg of the Sell and Buy-Back Transaction resides with the parties to the transaction. If the replacement second leg of the Sell and Buy-Back Transaction is reported incorrectly, the party reporting the transaction must cancel the reported leg and re-submit the transaction with a different ITR, linked to the original ITR.

2.21 An Account Transfer and a Portfolio Movement must be reported as "free of payment" transactions.

2.22 The following additional transaction information is optional and not required for matching purposes. Where provided, it will be validated against the ISIN Register for all transactions except Account Transfers, Portfolio Movements, pledges and release pledges.

Non-ZARONIA Trades

Field Name	MM Category 1	MM Category 2	MM Category 3	MM Category 4
Next Coupon Payment Date		✓	✓	✓
Coupon Source and Spread			✓	✓
Next Reset Date			✓	✓
Current Coupon Rate		✓	✓	✓

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Maturity Date	✓	✓	✓	✓

ZARONIA Trades

Field Name	MM Category 1	MM Category 2	MM Category 3	MM Category 4
Next Coupon Payment Date		✓	✓	✓
Coupon Source and Spread			✓	✓
Next Reset Date			✓	✓
Current Coupon Rate		✓		
Maturity Date	✓	✓	✓	✓

2.23 If the above validation is not successful, then a status intimation including the trader's ITR is sent to the Business Partner which reported the transaction.

3. Transaction Matching And Bilateral Allocation

3.1 Invalid transaction information submitted for matching and bi-lateral allocation is rejected by the ETME, and a status intimation including the trader's ITR is sent to the Business Partner which reported the transaction.

3.2 The ETME performs a validation of the transaction information reported in accordance with 2.14 above and internal logic algorithms.

3.3 The ETME validates that the bulk and allocated nominal values reported are in the minimum tradable denominations determined by the MM Securities Issuer or Issuer Agent.

3.4 The ETME validates that the nominal value and consideration of the bulk transaction reported by the trader are equal to the aggregate underlying nominal value and consideration of the allocations that constitute the bulk.

3.5 Only the information submitted in 2.14 (a) to (k) is used as matching criteria for the purposes of matching transaction details in the ETME. The ITR is used as a reference between the trader's proprietary system and the ETME.

3.6 All the matching criteria noted in paragraph 2.14 (a) to (k) submitted by the counterparties to the transaction must match to constitute a "matched" bulk transaction for bi-lateral allocation and Settlement purposes.

3.7 The bulk nominal value must match with zero tolerance. The bulk consideration traded must match within a tolerance of R50 (Fifty Rand).

3.8 A matched transaction is assigned a unique UTRN by the ETME.

3.9 All four matched legs of a Sell and Buy-Back Transaction are linked by the same UTRN.

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3.10 The UTRN and ITR are communicated to the transaction reporting party in the matched status intimation.

3.11 Allocations underlying the bulk nominal value and consideration traded are bi-laterally allocated by the ETME and assigned a unique BAN for Settlement purposes.

3.12 A reported transaction which remains unmatched within the time frame detailed in Strate Directive SE.3 – *Operational Market Windows – Money Market Securities* fails at EOD on S.

3.13 A trader must monitor the matched status of its own orders.

4. Commitment And Settlement

4.1 A bi-lateral allocation underlying a matched bulk transaction is Settled as a stand-alone transaction.

4.2 Strate sends a Settlement allegement to the relevant Participants on S, regardless of whether a Participant has reported its Client's transactions as pre-committed.

4.3 Where a Participant does not process a commitment to an allegement sent by Strate, the relevant transaction fails at EOD, and the Strate System sends a status intimation to the Participant.

4.4 Where the allegement in 4.3 above pertains to the first leg of a Sell and Buy-Back Transaction, the second leg of the Sell and Buy-Back Transaction fails simultaneously with the first leg.

4.4.1 A Participant may withdraw a commitment made to an allegement from the Strate System, provided that the cut-off time stipulated in Strate Directive SE.3 – *Operational Market Windows – Money Market Securities* has not elapsed, and a commitment from the counterparty's Participant has not already been received by the Strate System.

4.4.2 A Participant cannot withdraw a commitment where the counterparty to the transaction is a Corporate Participant.

4.4.3 A Corporate Participant cannot withdraw a commitment as it reports transactions as "pre-committed".

4.5 The seller's MM Securities are reserved in its Central Securities Account:

4.5.1 once the commitment from its Participant and that of the purchaser's Participant are received by the Strate System;

4.5.2 once matched when the seller's transaction is reported as pre-committed to the ETME by a Corporate Participant, in its role as trader;

4.5.3 once committed to by its Participant where the counterparty is a Corporate Participant.

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4.6 Once MM Securities have been reserved in the seller's Central Securities Account, Strate sends a payment advice to the purchaser's Participant, and the Participant must instruct the purchaser's Settlement Bank to fund the applicable SAMOS accounts.

4.7 A Settlement Bank must process the cash leg of the transaction through the SAMOS RTL or as an On-us Settlement. Where Settlement is through the SAMOS RTL, the paying Settlement Bank must send a payment advice to the receiving Settlement Bank.

4.8 MM Securities move from the seller's reserved balance in its Central Securities Account to the purchaser's free balance in its Central Securities Account immediately upon receipt by the Strate System of a cash settlement confirmation from SAMOS, or a Settlement Bank in the case of an On-us Settlement.

4.9 All "against payment" and "free of payment" Settlement processes must comply with the timeframes detailed in Strate Directive SE.3 – *Operational Market Windows – Money Market Securities.*

4.10 Where Settlement does not take place due to either insufficient MM Securities in the seller's free balance in its Central Securities Account, or insufficient funds, the bi-laterally allocated transaction fails at EOD and the Strate System sends status intimations to the relevant Participants.

4.11 Should counterparty Participants agree to cancel a bilaterally allocated transaction before EOD due to the circumstances detailed in 4.10 above, both Participants to the transaction must notify Strate Settlement Services, in writing, detailing the UTRN and BAN(s) underlying allocation to the bulk which must be cancelled. Strate Settlement Services cancels the transaction in the Strate System, and status intimations are sent to the relevant Participants.

4.12 Where the repurchase date of the second leg of an Open Buy Back remains open on Reconciliation Date, the second leg is automatically failed and cancelled by the Strate System at the end of the trade reporting window on the Reconciliation Date, and a status intimation is sent to the relevant Participant or Business Partner which reported the transaction.

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