# Directive of Strate (Pty) Ltd

Special Gazette No. S13-2025
Strate Directive SL.1

## Operational Market Windows and Distributions Processing – Collective Investment Schemes (CNAV)

strate

**To provide for the settlement of transactions in collective investment schemes (CNAV) reported by trade reporting parties; to provide for the moment of finality of Instructions; and to provide for the distributions process**

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# 1. Interpretation and Definitions

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

# 2. Considerations and Assumptions

2.1 The following are the basic considerations and assumptions on which the operational timings are based:

2.1.1 The timings are with respect to the Strate System;

2.1.2 For all incoming messages, it is 'Received Time' by the Strate System;

2.1.3 For all outgoing messages, it is 'Sent Time' by the Strate System;

2.1.4 For internal processing, it is 'Processing Time' by the Strate System.

2.2 The use of Strate's CIS service is not mandatory. However, if the Strate CIS service is used then this Strate Directive must be complied with.

2.3 A Client must open a Securities Account or Segregated Depository Account with its appointed Participant. The Client's Securities Account or SDA is required for recording Entries and Settlement of transactions in CIS Securities.

2.4 The Strate System only accepts purchase or redemption instructions from a Business Partner with a "Trade Reporting Party" role. Any instruction received from a Business Partner without a "Trade Reporting Party" role will be rejected, and a rejection notification will be sent to the party attempting to submit the instruction.

2.5 The operational timings stipulated in this Strate Directive are expressed in Business Days.

# 3. Operational Timings

The following operational timings provided in this sub-section are based on the assumptions and considerations provided in the previous sub-section.

### 3.1 Strate System

3.1.1 The Strate System BOD is at 03h00. Strate informs Participants when there is a change in the timing of the BOD process.


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3.1.2 The Strate System EOD is at 19h00. Should a Participant require the parameter to be moved beyond 19h00, it must submit a request to Strate in writing before 16h30.

### 3.2 Transaction Reporting

3.2.1 A Trade Reporting Party must send a CNAV CIS Security instruction to Strate between 07h00 and 19h00.

3.2.2 The Settlement cycle for a purchase and/or redemption instruction is T+0.

3.2.3 Each Manco defines its own Instruction Cut-Off Time for same day settlement of a CNAV CIS Security. Any instruction reported after Instruction Cut-Off Time for that CNAV CIS Security will result in a value and settlement date derived on the following Business Day.

3.2.4 The following instruction types are allowed:

3.2.4.1 Purchase instruction (PMO/RMO followed by DFP/RFP)

3.2.4.2 Redemption instruction (DVP/RVP)

3.2.5 Strate sends the relevant Settlement allegement to the Participant upon receipt of the purchase/redemption instruction from the Trade Reporting Party.

3.2.6 Upon receipt of the Settlement allegement from Strate, a Participant must ensure that there is sufficient cash or Securities for Settlement and, if so, process a commitment to the trade by 15h00 for same day Settlement.

3.2.7 A Participant may un-commit to a trade prior to 15h00, provided that such trade has not Settled.

3.2.8 In the event a Participant intends to un-commit to a trade in a committed status:

3.2.8.1 the requesting Participant must send a written request to Strate Settlement Services and the counterparty Participant;

3.2.8.2 the counterparty Participant must send a written acceptance of the request to Strate Settlement Services; and

3.2.8.3 Strate Settlement Services reviews both the request and the acceptance and may open the un-commit window for a maximum of 30 (thirty) minutes and permit the requesting Participant to un-commit.

### 3.3 Settlement

3.3.1 Settlement of a committed trade is initiated as soon as a commit is received and is completed by 15h00. Strate sends a Settlement confirmation message to the Participant once Settlement is completed.


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3.3.2 A Participant must reconcile its Clients' Securities Account or SDA positions daily. For this purpose, the Strate System generates a statement of holdings message at 18h00 daily, which it sends to the Participant. In case of any discrepancy, the Participant may request the audit trail details via an email from Strate Settlement Services, by 18h00 on the following Business Day.

3.3.3 Any discrepancy must be resolved by the Participant within 24 (twenty-four) hours of it arising.

3.3.4 The Moment of Finality of Instructions referred to in the Strate Rules is the moment immediately preceding Settlement.

# 4. Entitlements and Distributions

## 4.1 Calculation

4.1.1 The Strate System calculates the entitlement amount for the monthly distributions based on the daily income yield accrued on the investment, as provided by the Manco.

4.1.2 Strate sends a preliminary notification to the Participants informing them of an upcoming distribution 30 days before the valuation date.

4.1.3 On the first Business Day of the month, Strate will inform the Manco of its calculation of the total entitlement amount for the previous month.

4.1.4 The Manco must confirm the calculation of the total entitlement for the month by 10h00 on Payment Date.

4.1.5 If a Participant has elected to process entitlements and distributions under 4.2.2, then Strate shall send the Participant the calculation of the entitlement amount for that Participant.

4.1.6 Any re-investment into a CNAV CIS Security must reflect in the Client's Securities Account or SDA on the first day of the month.

## 4.2 Payment

4.2.1 Payment of a distribution is initiated at 10h00 on Payment Date as announced by the Manco.

4.2.2 A Participant may elect to effect payment to the Trade Reporting Party or the Client, in which event the following process applies:

4.2.2.1 Obligations are netted at Participant and Security Type level and resulting payments are effected through SAMOS.

4.2.2.2 The Strate System generates a payment advice with a payment reference to all Manco Settlement Banks and beneficiary Settlement Banks.


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4.2.2.3 A Manco Settlement Bank must fund its designated SAMOS account within 30 minutes of receiving the payment advice from Strate.

4.2.2.4 SAMOS transfers cash from the Manco Settlement Bank to the beneficiary Settlement Bank and then generates a cash payment confirmation to Strate.

4.2.3 Alternatively, a Participant may elect that Strate enables payment directly to the Trade Reporting Party or the Client.

4.2.4 Once payment has been made, Strate notifies the beneficiary Settlement Bank of the cash payment. If the Participant has elected to make payment under 4.2.2, then the Participant will also be notified of the cash payment.

# 5. Disclosure of Beneficial Interests

The disclosure of beneficial interests must be processed in accordance with Strate Directive SA.8 – *File Layout for Beneficial Interest Register – Equities, Bonds and Participatory Interests.*


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