

## MINUTES

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**HEADING:** BOND AND INTEREST RATE DERIVATIVES ADVISORY COMMITTEE  
MEETING

Date: 19 March 2014

Time: 10h00

Venue: Serengeti

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<b>PRESENT:</b>	Graham Smale	(Chairman)
	Adre Smit	(ASISA – dial in)
	Alan Janke	(Standard Bank – dial in)
	Bob Jones-Davies	(ICAP)
	Garth Klintworth	(ABSA Capital)
	Ganesh Varadarajan	(Strate)
	Phillip Nel	(Credit Suisse)
	Jayendran Naidoo	(Nedbank Capital – dial in)
	Joe Verkuil	(TTSA Securities)
	Kelly Hattingh	(ABSA Capital)
	Neil Evans	(Nedbank Capital)
	Nishan Maharaj	(Coronation – dial in)
	Patty Barbeau	(Standard Bank – dial in)
	Bernard Claassens	(JSE)
	Brett Kotze	(JSE)
	Mikhail Maasdorp	(JSE)
	Jacob Shayi	(JSE)
	Warren Geers	(JSE)
	Mark Randall	(JSE)
	Paul Du Preez	(JSE)
	Paul Hartzenberg	(JSE)
	Richard Bone	(JSE)

AGENDA ITEM	MINUTES	ACTION ITEM
<b>WELCOME</b>	Mr. Smale welcomed the Committee members to the meeting and thanked them for their attendance at this meeting.	
<b>CONFIRMATION OF MINUTES</b>	The minutes of the meeting of the Interest Rate Advisory Committee held on 18 April 2013 were approved. Mr. Smale requested that for future meetings of the Committee, a summary of action items arising from the previous meeting should be included at the end of the minutes for ease of reference. The team undertook to action this request accordingly. The Swap Forum held on 27 February 2014 was hosted in Johannesburg and just over fifty individuals attended this meeting.	
<b>SWAP FUTURES:</b>	<p>Mr. Geers advised the Committee that Swap Forums were held with market participants on 27 February 2014 and 4 March 2014 and that a number of members of this Committee had been invited to attend these meetings.</p> <p>The Swap Forum held on 4 March 2014 was hosted in Cape Town and was attended by just over thirty attendees.</p> <p>At these meetings, the JSE proposed two potential products as follows :</p> <ul style="list-style-type: none"> <li>• Future on a Semi-Annual Notional Bond (using the Swap Rate as input); or</li> <li>• Future based on a Vanilla Forward-Starting Swap.</li> </ul> <p>Based on feedback received from the representatives present at the two Swap Forums, the Future based on a Vanilla Forward-Starting Swap was most favoured. It was agreed by participants at the abovementioned forums that the JSE should continue to investigate the possibility of introducing this new product to the market. The team is in the process of creating a product specification for this product as well as the proposed margining process to be used in respect of same. Once completed, this documentation will be issued to market participants for</p>	

	<p>comment.</p> <p>Mr. Geers advised the Committee that the JSE’s systems can cater for the implementation of either of the abovementioned products. Due to the fact that the product which is ultimately selected will require to be margined, clearing members will be required to sign off on the selected product before it is implemented.</p> <p>It was <b>NOTED</b> that once feedback on the proposed product has been collated from market participants, this will be discussed with clearing members and tabled for consideration by the relevant Advisory Committees, following which, if all parties are in agreement, the product will be implemented.</p> <p>Mr. Geers indicated that it is hoped that within the next two month period, this product will be implemented.</p>	
<p><b>BRANCH ACCOUNTING:</b></p>	<p>Mr. Claassens advised the Committee that the JSE has been working closely with a number of banking institutions who are looking to roll out branch functionality.</p> <p>It was <b>NOTED</b> that typically, t`he aim of branch accounting is to introduce more Chinese walls at a bank level. In doing this, different trading desks can be considered as branches, for example, FX, IRD, Spot Bonds and Repos, Prime Broking could all be considered as individual branches. In doing this, all positions will roll up to a branch level and individual branches will only have a view of its own branch activity and not the other markets. The main member will have visibility of all branch activity. The branch functionality allows each organisation to determine how they would like to split their activities and desks and will allow the organisation to determine which parties should have access to different information within the organisation.</p> <p>Mr. Claassens indicated that a market notice in respect of branch accounting will be issued within the next month to month and a half.</p>	<p>Issue Branch Accounting market notice</p>



<p><b>ANY DAY JIBAR FUTURES:</b></p>	<p>Ms. Seele advised the Committee that the JSE is investigating introducing the functionality to be able to book JIBAR Futures on non-standard dates. The reason for the investigation into Any Day JIBAR Futures is due to a demand expressed for the product by a number of market participants.</p> <p>Ms. Seele indicated that currently, 2.3% of all Interest Rate Derivatives are being booked as JIBAR Futures with an approximate value traded of R2 billion. It is the general view that the liquidity of JIBAR Futures will be increased by the flexibility created by being able to change any date. In the Currency Market, 10% of Currency Futures were booked as Any Days during the course of 2013, 34% of these Futures were Any Day Currency Options. It is therefore evident that the Any Day functionality increased the amount of trading in the Currency market.</p> <p>Ms. Seele indicated that it is the JSE’s intention to launch the Any Day JIBAR Futures within the next two month period following roadshows and discussions with clearing members and market makers in respect of this product.</p> <p>Mr. Smale queried whether the team had given consideration, from a risk perspective, to the series spread margin to be applied in respect of this product. Mr. Claassens indicated that this had not been considered. Mr. Geers indicated that the same logic would be applied to this product to look at the next standardised expiry date in respect of margin parameters. Mr. du Preez indicated that in his view, the current system does not allow any margin offsets for Any Day Calendar Spreads.</p>	<p>Once launch has been completed, the JSE will provide feedback to the market.</p>



<p><b>INITIAL MARGIN METHODOLOGY REVIEWS:</b></p>	<p>Mr. du Preez advised the Committee that towards the end of 2013, the team started a review process of all of the methodologies feeding into the initial margin framework within the Derivatives markets. A general set of principles across all of the Derivatives markets was agreed to towards the end of last year.</p> <p>Mr. du Preez indicated that the current process is applied in respect of Interest Rate Derivatives involves using the historical value at risk framework. This is calibrated using an eight year look back period and the worst scenario in that particular period is used. This works out to a 99.7% confidence level.</p> <p>Towards the end of last year, agreement was reached to use a rolling three year look back period for all of the Derivatives markets. This will be supplemented with a two hundred and fifty day fixed stressed period. Mr. du Preez indicated that regulators have indicated that it is important to see a mechanism with the initial margin framework to prohibit procyclicality. Under the new methodology, a two day liquidation period will be used which has already been implemented for all Interest Rate Derivatives. The 99.7% confidence level will continue to be applied under the new methodology.</p> <p>Mr. du Preez indicated that the impact on the Derivatives market as a result of the change in methodology is not anticipated to be substantial. He explained that for most of the products, it is envisaged that margins will decrease slightly due to the fact that under the new framework, the concept of volatility scaling will also be introduced.</p> <p>Mr. du Preez indicated that a complete impact analysis still needs to be conducted by the team to determine the impact to clients. Once this has been finalised, the team will propose a roll out strategy to be applied.</p> <p>In response to a question raised by Mr. Geers, it was <b>NOTED</b> that for each asset class, the team needs to define what the fixed period of stress will be. This is determined</p>	<p>Complete impact analysis and provide subsequent feedback to market.</p>
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	<p>by looking at a ten year period to determine what the highest day volatility was during that period. In terms of the Interest Rate Derivatives market, a decision is still required to be taken as to whether 2008 or 2001 will be used when looking at stressed periods. This will be discussed with clearing members in due course. A decision is also required to be taken on whether or not relative curve shifts should be used to simulate the P&amp;L scenarios or whether absolute curve shifts should be used. Absolute curve shifts provide a slightly more conservative estimate. If relative curve shifts are used, the initial margin requirements may be slightly lower.</p> <p>Mr. Smale indicated that the proposed changes are as a result of regulatory pressures stemming from Europe as a result of EMIR legislation applicable to CCP's.</p> <p>Mr. Smale queried the reasons for the increase to initial margin percentage, based on the new methodology, in respect of JIBAR Futures. Mr. du Preez undertook to investigate the reason for the increase but indicated that volatility scaling had not been applied in respect of the JIBAR yields used in the calculations.</p>	<p>Mr. du Preez to investigate the reason for the increase in JIBAR futures margins (using the new methodology)</p>
<p><b>DRAFT RULE CORRECTION TRADES AND TRADE PRICE ADJUSTMENT RULES (ALIGNMENT WITH THE FINANCIAL MARKETS ACT):</b></p>	<p>Mr. Hartszenberg advised the Committee that as a result of the introduction of the Financial Services Act (FMA) (which replaces the Securities Services Act), which came into effect on 3 June 2013. The JSE had a six month period within which to align the rules to the provisions of the Act, i.e. December. This period has however been extended to the end of April 2014.</p> <p>Market notices relating to the proposed amendments were issued on 21 February 2014 providing market participants with a period of ten days within which to raise any comments they may have on the proposed amendments. This period has subsequently expired and the rules in their proposed amended form have been submitted to the Registrar of Financial Markets. It is anticipated that these rules will be formally published by the FSB on 28 March 2014 and a further fourteen day period within which to</p>	<p>Redistribute the new rules market notice, which has come about due to the introduction of the Financial Services Act (FMA).</p>

	<p>comment will be afforded to members of the public. In the absence of any comments, the Registrar will approve the amendments to the rules.</p> <p>It was <b>AGREED</b> that the proposed amendments to the rules should be distributed to members of this Committee together with the meeting minutes.</p> <p>Mr. Kotze advised members of the Committee that Strate has also had to make a number of rule amendments as a result of the introduction of the FMA and suggested that members of this Committee also review the proposed Strate rule amendments insofar as these relate to Bonds. Mr. Kotze undertook to circulate a copy of Strate’s rule amendments to members of the Committee following this meeting.(Mr. Garth Klintworth joined the meeting at this stage).</p>	
<p><b>MARK TO MARKET RULES FOR CORPORATE DEBT / CREDIT LINKED NOTES VALUATION:</b></p>	<p>Mr. Claassens advised the Committee that consultation has taken place with various market associations such as ASISA, BASA, the FSB and Banking Supervision relating to problems being experienced from a Corporate Debt valuation perspective as well as from a Credit Linked Notes perspective.</p> <p>During the third quarter of last year, a document proposing rule changes in respect of the valuation process to be applied in respect of these instruments had been prepared by the JSE. The proposed changes are currently being rolled out.</p> <p>Mr. Claassens indicated that a number of market participants, as well as the JSE, have indicated concern relating to the Corporate Bond valuations. A number of parties, specifically auditors, make use of the JSE’s valuation figures in respect of Corporate Bonds. Mr. Claassens indicated that in many instances, the JSE collates data from various contributors in order to value these instruments.</p> <p>The JSE wishes to ensure more transparency in the valuation process and needs to ensure that the valuation provided by the exchange relates back to that which banks</p>	<p>Publish market communication on the state of play of corporate bond valuations in order to make the broader market explicitly aware of the limitations of the current process.</p> <p>Set up Professional vs Public market working group (initially internally within the JSE) and reengage the FSB on this matter.</p>

	<p>provide to their clients.</p> <p>On the buy-side, there are a number of organisations that are selling unit trusts which are based on Mark-to-Market valuations which are currently either undervalued or overvalued.</p> <p>Mr. Claassens indicated that the JSE has committed to working with BASA and ASISA in order to prepare rules to be applied in respect of this valuation process which will find favour with market participants.</p> <p>The FSB and Banking Supervision have agreed with the JSE that as a first step in this process, the most important issue to address is transparency. As a result, it is important to ensure that all market participants are aware of the current complications in the valuation process and are aware that the lack of liquidity does not assist the JSE in determining a definitive fair value in respect of these instruments.</p> <p>Mr. Claassens indicated that it is proposed that within the next month, follow up meetings will have been held between the JSE, BASA and ASISA to discuss this issue in greater detail following which a market notice in this regard will be published.</p> <p>It was <b>NOTED</b> that discussions have taken place with various parties relating to the possibility of introducing the concept of a professionals market. Mr. Claassens indicated that the JSE's standard Listing Requirements have a number of disclosure requirements from an issuer perspective. The JSE is investigating the possibility of introducing a secondary set of Listing Requirements which will require less transparency requirements to be met. Once these requirements have been prepared, they will be issued to market participants for comment. A number of changes have already been made to existing technology to restrict retail type clients from accessing certain types of instruments, for example CLN type products.</p>	
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	<p>Mr. Smit noted that previously, feedback had been provided to members of the Committee indicating that the FSB were not uncomfortable with the proposal to introduce a different set of rules which would be applied to the professionals market. Mr. Claassens indicated that this was the case but that the proposal in this regard has not been progressed substantially. He indicated that based on the last discussion which was held with the FSB, they had indicated that they were comfortable with the introduction of a professionals market. It was <b>NOTED</b> that as mentioned previously, these discussions will be re-opened with representatives of the FSB.</p>	
<p><b>PRICING OF SA BONDS – THE SA BOND PRICING FORMULA VERSUS INTERNATIONAL BOND PRICING FORMULAS:</b></p>	<p>Mr. Claassens indicated that internationally, an actual 365 basis formula is used in the pricing of Bonds as opposed to the method used by the JSE whereby the coupon components are priced. He explained that a number of market participants are having to build new software to cater for the JSE’s Bond pricing formula. Mr. Claassens queried whether members of the Committee had appetite for the JSE to indicate to the market that they would like to change its Bond pricing methodology.</p> <p>This will have far reaching implications. The coupon would still be paid on the same day, however all pricing technology would potentially need to be changed. The assumption is that all data vendors are already able to cater for the international bond pricing standard.</p> <p>Mr. Kotze indicated that it will be very difficult to change the Strate system that currently does the Bond pricing formula at this stage. Mr. Claassens indicated that this project is not intended to be a short term project but that this would be considered as part of the scope of the project.</p> <p>The Committee <b>AGREED</b> that it was worthwhile for the JSE to explore this issue in more detail in order to ultimately ensure that the JSE aligns the pricing of Bonds with international pricing standards in the longer term. The Committee <b>AGREED</b> that the European Capital Markets</p>	<p>Research the difference between the SA bond pricing formula and the international standard. The key stakeholders, namely PIC and ASISA, would need to provide perspective prior to any official market proposal.</p>



	<p>standard in this regard should be explored in more detail.</p> <p>Mr. Claassens indicated that by the next meeting of this Committee, it is hoped that a proposal on the way forward in respect of this issue will be tabled for consideration by the Committee.</p> <p>A member of the Committee suggested that discussions in respect of this issue take place with representatives of the PIC who currently own fifty percent of South Africa's Bond market as well as ASISA. Mr. Claassens undertook to discuss Bond pricing with these parties outside of this meeting.</p>	
<p><b>NEW JSE CREDIT INDICES:</b></p>	<p>Mr. Randall advised the Committee that the JSE is investigating the possible introduction of a suite of indices that only focus on Credit Bonds. At this stage, it is proposed that all Credit Linked Notes be excluded. The investigation is focusing on two different types of indices namely a Top 20 index (fixed rate and floating rate) and a benchmark representative index which will not be tradable but will incorporate all of the Bonds or possibly ninety-five percent by issuers.</p> <p>Mr. Randall advised members of the Committee that the proposed draft rules relating to these Indices have been issued to market participants for comment. Once all comments have been considered, the JSE intends to publish these rules. It was <b>NOTED</b> that these indices will be guaranteed by the issuer.</p> <p>Mr. Randall confirmed that there are no changes proposed to be made to the existing ALBI and CILI indices.</p>	<p>Publish notice on new credit indices and rules pertaining to them.</p>
<p><b>GENERAL:</b></p> <p>Integrated Trading and Clearing Project (ITaC):</p>	<p>Mr. Smale advised the Committee that work on the ITaC Project commenced early during the course of this year. The project is a multi-year project which involves the replacement of the JSE's clearing and trading systems across all of the JSE's markets.</p>	



	<p>Mr. Claassens indicated that this project will impact on all market participants who currently have interfaces to the current JSE technology.</p> <p>Mr. Claassens advised the Committee that originally, the JSE was looking into using the existing technology to facilitate trading in Corporate Bonds, however, due to a number of internal constraints, the JSE is investigating progressing this initiative by using an outside vendor to facilitate the trading of Corporate Bonds. Mr. Claassens indicated that given the fact that the ITaC Project has been initiated, it is likely to take some time before the JSE has technology available to facilitate the trading of Corporate Bonds.</p> <p>Mr. Smit indicated that from ASISA’s membership point of view, ASISA is concerned about the potential dilution factor should competing products be introduced to the market. Mr. Claassens indicated that he will be scheduling a meeting with ASISA in the next month and undertook to discuss this issue with ASISA representatives at that meeting.</p> <p>Mr. Claassens indicated that he would provide feedback to the Committee on the JSE’s thoughts relating to the proposed way forward in respect of this issue by the next meeting of the Advisory Committee.</p> <p>Mr. Smale indicated that the first phase of the ITaC Project will involve the transition of the Equity Derivatives market to the new technology. The JSE is currently investigating whether it is feasible to migrate Currency Derivatives at the same time. The Bond market transition will take place in Phase 2 of the project and as a result the team is investigating options available to facilitate trading in Corporate Bonds in the interim.</p> <p>Mr. Smale advised the Committee that the new ITaC project will introduce additional functionality appropriate for Bond markets.</p>	<p>Prior to the next Advisory Committee meeting, the fixed income team will provide the market with a proposed corporate bonds technology platform for the corporate ETP.</p>
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	<p>The duration of the ITaC project has been estimated to be between four to five years. The first phase of the project is estimated to be approximately two years.</p>	
<p><b>GENERAL:</b></p> <p>Bond Billing Review:      Market Model</p>	<p>The JSE is currently reviewing the Bond Market Billing model in order to determine whether to review this model. The analysis will begin in April 2014 in order to determine whether a revised billing model should be implemented mid-year.</p> <p>Mr. Geers indicated that due to the fact that Strate increased their fees, this had to be passed on to market participants during January 2014. This is the only increase in fees which has been passed on to market participants</p>	<p>Prior to next advisory meeting it was agreed that a billing model review market notice will be disseminated to the market.</p>



	over the past four years.	
<b>GENERAL:</b> Spire Awards:	<p>Mr. Claassens indicated that for the 2013 Spire Awards the JSE consulted with market participants and it was agreed that instead of having a rolling yearly cycle change, the process would be frozen for a two year period. During this period, the JSE would continue to receive comments from market participants but these would only be applicable for the following year.</p> <p>Mr. Claassens indicated that a number of concerns have been raised by market participants relating to how the JSE sources clients and which clients the JSE is using as potential voters. The JSE is investigating the possibility of changing its sourcing mechanism but there will be no fundamental changes to the actual awards themselves.</p> <p>Mr. Claassens advised the Committee that he would be contacting individual Committee members before the next Advisory Committee meeting to obtain their views on the proposed way forward.</p>	2014 Spire Awards framework to be published.
<b>GENERAL:</b> Settlement Problems:	<p>Mr. Geers advised the Committee that a number of settlement related issues have recently been experienced. Concerns have been raised by market participants relating to the nature of the issues being experienced and the penalties being changed in respect of this by the JSE.</p> <p>Mr. Kotze advised the Committee that each time market sentiment changes locally or globally, Bond volumes increase dramatically. This often leads to shorting, most notably from a global perspective. The sentiment across the market at the moment, as a result of quantitative easing potentially disappearing in the foreseeable future, the volumes and trends in the Bond market are not expected to change. Mr. Kotze indicated that there are going to be a sequence of events during the course of this year which could potentially result in settlement issues being</p>	Brett Kotze to set up a forum to deal with the settlement issues on an ongoing basis. This would also to allow the JSE to provide the market with ongoing feedback on this issue.

	<p>experienced in the South African market.</p> <p>Each time that a settlement issue is experienced where there is a failed trade, the JSE conducts a full investigation into the reasons for the issue. Approximately three weeks ago, there was a sequence of events over a period of days which resulted in settlement issues being experienced.</p> <p>Mr. Kotze advised the Committee that the JSE’s settlement authority acts as a conduit between the CCP, Strate and the member itself. On settlement day, the JSE reviews a “problem list” and advises members if issues have been noted in respect of their trades. If issues with trades have been identified, these trades are excluded from the first settlement run. The member is requested by the JSE to do a “buy-in” before the settlement run takes place. Mr. Kotze indicated that it has been found that where settlement issues occur, there is generally a link to an OTS transaction. More and more trades are being excluded from the first settlement run which are being pushed into the second settlement run which in turn results in other problems being experienced.</p> <p>Mr. Kotze indicated that it is clear that there is a lack of communication between the CSDP’s, the JSE and Strate and ultimately to the members. The JSE is scheduling meetings with the CSDP’s and Strate in order to improve this process.</p> <p>Mr. Kotze reported that in a recent issue experienced, one of the CSDP’s advised the JSE that they would be excluding a transaction at a fairly large nominal and settlement value. Just before the settlement run commenced, the CSDP settled the said transaction which resulted in a member having a large overdraft on their account over the weekend. The CSDP did not advise the JSE of the settlement of the transaction.</p> <p>It was <b>NOTED</b> that Strate has changed their directive, copies of which will be circulated to members of the Committee in due course.</p>	
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	<p>The JSE has advised CSDP's that they may not change a commit or commit to a transaction within thirty minutes of the closing of the window unless the JSE is notified and the JSE is aware of the intention of the CSDP.</p>	
<p><b>GENERAL:</b> Settlement Problems: (Contd.)</p>	<p>From the JSE's perspective, the JSE always looks at the first failing member and contacts them. Contact is also made with SARB to assist the failing member with a reverse repo. Members have indicated that SARB reverse repos are very costly but discussions in this regard are currently taking place between the JSE and the SARB. Discussions are also taking place with SARB relating to the possibility of the JSE settlement authority acting as the counterparty to the SARB reverse repo (instead of going through a Primary Dealer). The JSE settlement authority is required to book reverse repo transactions through a Primary Dealer. There have been situations where the JSE has been unable to make contact with the correct party at the Primary Dealer to book these transactions.</p> <p>Mr. Kotze advised the Committee that all settlement related issues have been reported to SARB and National Treasury who are currently conducting an investigation into these issues. SARB and National Treasury are questioning why the JSE is allowing shorting in the South African market.</p> <p>Several questions were put to Mr. Kotze and answered to the satisfaction of the Committee.</p> <p>A member of the Committee suggested that the JSE send out a note to members requesting that the settlement day be changed from T+3 to T+5 to match with Euroclear. Mr. Geers indicated that the JSE is currently moving from T+5 to T+3 as mandated by the FSB. He indicated that the FSB would not be in agreement with the suggestion to align therefore with Euroclear.</p> <p>Mr. Kotze indicated that he would in due course be scheduling a meeting with members to provide feedback in</p>	



	<p>respect to of this issue. At this meeting a list of issues, queries and concerns will be compiled which will be discussed with Euroclear.</p> <p>Mr. Varadarajan advised the Committee that Strate are currently liaising with the CSPD's and the JSE to determine how best to improve on the current settlement. He explained that the new system is expected to address all of the current inefficiencies being experienced.</p> <p>Mr. Klintworth expressed the view that as a country, it is important to ensure that the facility of transacting Government Debt is easy for Primary Dealers to do and easy for banks to intermediate with foreigners.</p> <p>Mr. Smit suggested that the JSE should give due consideration to the problems being experienced by the JSE as a result of the different settlement cycles for Euroclear and the JSE. Mr. Geers indicated that the JSE is cognizant of the misalignment and is giving due consideration to same.</p>	<p>Provide market with feedback on Strate's investigations.</p>
<p><b>GENERAL:</b></p> <p>Settlement Problems: (Contd.)</p>	<p>Mr. Kotze indicated that the JSE is conducting analysis of Euroclear's processes versus the South African processes to identify any gaps between these parties.</p> <p>Mr. Kotze advised the Committee that he would be sending an email to members in due course requesting that they nominate a member of their firm to be represented on a Committee which will be constituted to discuss the settlement issues which are being picked up and how best to address these. Thereafter, meetings will be scheduled with Euroclear to discuss these issues.</p> <p>In response to a comment made by Mr. Shayi, it was noted that members of this Committee are required to engage with their back-office in respect of settlement issues as discussed at this meeting. Mr. Geers indicated that it is important for members of this Committee to communicate issues of importance as discussed at these meetings with the applicable individuals within their firms.</p>	<p>Feedback will be provided to the market.</p> <p>Email to be sent requesting members to nominate a representative from each organization for the Committee.</p>

<p><b>GENERAL:</b></p> <p>Coupon Payments:</p>	<p>Mr. Kotze advised the Committee that the JSE and Strate have been approached relating to Coupon payments. The request has been raised to use the global norm which involves using the next business day. An investigation into this matter is currently underway and feedback will be provided to members of this Committee in due course. Issues have also been raised, mainly by the buy-side, where issuers change their calculations to recoup their payments. This is also being investigated by the JSE.</p>	<p>Provide feedback on whether or not the JSE will move to the global norm regarding coupon payment convention.</p>
<p><b>GENERAL:</b></p> <p>Electronic Trading Platform (ETP)</p>	<p>Mr. Geers indicated that there are three governance structures in place at the JSE, namely, the Bond and Interest Rate Derivatives Advisory Committee, made up of individuals representing the market. Mr. Geers indicated that the discussions which take place at this Committee are fed back to the Bond Market Development Committee, the Committee responsible for looking at the entire Bond Market Structure.</p> <p>Mr. Geers noted that although there are approximately thirty individuals represented on this Committee, only eight have attended this particular meeting. Mr. Geers indicated that the Electronic Trading Platform Committee has been constituted to specifically give consideration to the ETP and is chaired by National Treasury. This Committee meets every second week. During June 2014, it is anticipated that a vendor selection exercise will be undertaken in relation to the ETP.</p> <p>National Treasury will be involved in the vendor selection as a result of the ETP project being a market development structure and not an exchange development structure. Mr. Smit indicated that the ETP will be used exclusively for Primary Dealers to trade on an anonymous basis. The current debate in this regard involves how the buy-side</p>	<p>Distribute the electronic trading platform working committee meeting minutes to market on an ongoing basis.</p>

	<p>would interface with Primary Dealers. He explained that the ETP will run concurrently with the existing OTC market.</p> <p>Mr. Smit undertook to provide Mr. Geers with a list of proposed nominations of ASISA members to serve on this Committee to ensure that future meetings of this Committee are well attended by the necessary participants.</p> <p>Mr. Geers undertook to determine with National Treasury whether the minutes of the ETP meetings can be circulated to members of this Committee.</p>	<p>Obtain ASISA's proposed nominations</p>
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