

MARKET NOTICE

Number: 056/2020
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 4 March 2020

SUBJECT: TERMINATION OF SERVICE IN RELATION TO UNLISTED BONDS

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The JSE currently facilitates the reporting of unlisted bond deals to Strate for settlement purposes through the Nutron platform. This notice serves to inform that this service will be terminated post operational planning with all stakeholders.

At present the JSE has over 400 unlisted bonds issued by 67 different issuers loaded on its Nutron platform. The nominal outstanding amount on these instruments amounts to roughly R350bln with roughly R150bln in transactions reported through the Nutron system to Strate in 2019.

As these instruments are not listed or traded on the JSE, the JSE currently does NOT perform any of the following functions in relation to these instruments:

- Regulation of issuers in relation to compliance with the JSE Debt Listing Rules
- No Daily Valuations (Mark to Market) of these instruments
- No Statistics are published in relation to these instruments
- No secondary market surveillance is performed on any of these transactions
- No Settlement Authority monitoring to ensure that the trades settle

The JSE does currently perform the following functions in relation to these unlisted instruments:

- The Issuance of an ISIN number, as per our ANNA (Association of National Numbering Associations) membership obligation and appointed as the NNA (National Numbering Agency) of South Africa. This is performed for all asset classes (Listed and Unlisted)
- Issuing and distributing an Interest Rates Market Notice to the Issuer, Settlement Agents and Strate, pertaining to the issuance of the bond and reference data updates, i.e. Tap-Issues, Redemptions, Repurchases
- The JSE does send the transactions to Strate for settlement purposes

One of the JSE's core functions as a licensed exchange is the facilitation and regulation of trading in listed securities in order to promote confidence in the market for those listed securities and provide protection to investors trading in those securities. The facilitation of reporting of transactions in unlisted instruments through the same infrastructure used by the JSE for trading in listed securities creates an environment where the extent and nature of the JSE's responsibilities is unclear.

As such, the JSE has taken a decision to terminate this service. The JSE will continue with issuing of the ISIN numbers for these unlisted bond instruments.

ISIN requests, including the legal supporting documentation (i.e. signed APS), can be sent directly to the JSE, or requested through an Agent acting on behalf of the Issuer. The JSE will issue and communicate the ISIN of the unlisted instrument to the Issuer and/or its Agent on mail.

The JSE will no longer manage/update reference data nor issue notices for unlisted instruments

The exact date of the termination will be communicated in due course once the operational implications for each reporting party have been assessed and a suitable replacement process has been initiated.

For instruments currently available for settlement on Strate, Strate have been engaging with market participants on a suitable replacement solution.

Please note that once the termination has been effected, market participants should engage with their respective Arrangers, CSDPs or CSDs to facilitate the settlement of these transactions.

Should you have any queries regarding this notice, please contact bernardc@jse.co.za.

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>