

08 December 2016

Dear Client

REVISION OF STRATE'S FEES EFFECTIVE 30 JANUARY 2017

Thank you for providing Strate with your feedback in terms of the proposed fee structure that was distributed on the 21 November 2016.

Strate acknowledges and appreciates all the input that we have received, therefore Strate remodeled a more equitable fee structure.

Strate would like to move towards more level playing fields in the market, however would still like to give some benefit to larger value trades. The rate of 0.005787% shall remain unchanged. Strate has decreased the floor to benefit smaller businesses (have an aim of eventually removing the floor completely) but as a result Strate will be increasing the cap. The cap will therefore remain and the aim is to keep the cap at an economically viable level. Strate will therefore in turn be able to drop the basis point charge as the cap increases.

Strate is proposing to implement the above new fee model to be effective from the first day of the February BDA month, 30 January 2017, based on the following:

- a) Strate will remain revenue flat, forego all arbitrage revenue
- b) Lifting exemption on foreign arbitrage deals (exemptions on allocation suspense account - indicator DA - and Misdeal - Acc type MIS remain)
- c) Aggregation of accounts applied to all proprietary accounts only – fees applied based on aggregate purchases and sales and no longer per account
- d) Cap fee and floor fee change applied to all accounts (proprietary, controlled and non-controlled)
- e) Cap fee increase by 21%
- f) Floor fee decrease by 7.5%

Contract note amount	Current fee (2016)
< R 200 000	R 11.57
Between R 200 000 and R 1 000 000	0.005787% of Contract note amount
> R 1 000 000	R 57.87



Contract note amount	New fee (2017)
< R 185 000	R 10.71
Between R 185 000 and R 1 210 000	0.005787% of Contract note amount
> R 1 210 000	R 70.02

Strate will introduce an annual 6% inflationary increase year on year on the cap fee from hereon after.

Strate would like to highlight that the Equity ad valorem fee rate has only increased once in the past ten years, which was an inflationary increase in 2014. Further to this the cap level of R1m has remained unchanged since inception, despite value traded in the same period growing by 119% to R6.5trillion.

Additional considerations:

Strate acknowledges and appreciates all the input that we have received on a proposed new fee model. Strate will be forming a subcommittee in 2017, comprising key brokers, JSE and Strate to design a new fee model that is suitable for the market.

We would like to encourage you to engage Strate [before close of business Monday 12 December 2016](#), should you want to provide feedback or discuss model principles and the impact on your business.

We thank you for your extensive engagement and look forward to working closer with you to provide innovative and professional services.

Please contact us should you need further information.

Yours Sincerely,

Ashnee Maharaj
Chief Financial Officer