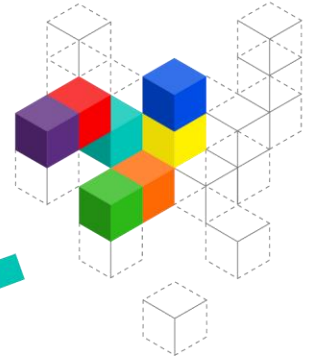


strate

always discovering



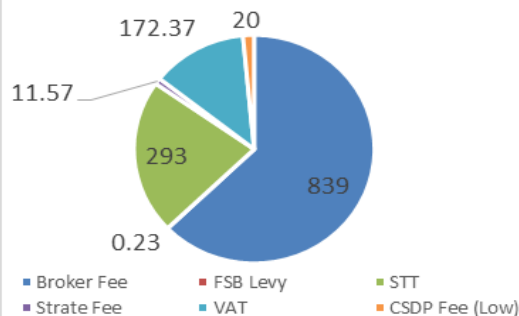
New fee model



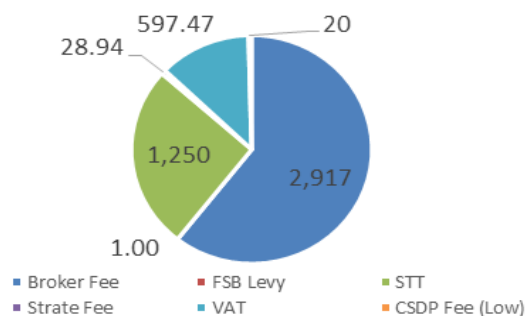
Strate's contribution to transaction cost is minimal— Equity (controlled client)

Split of fees paid per transaction

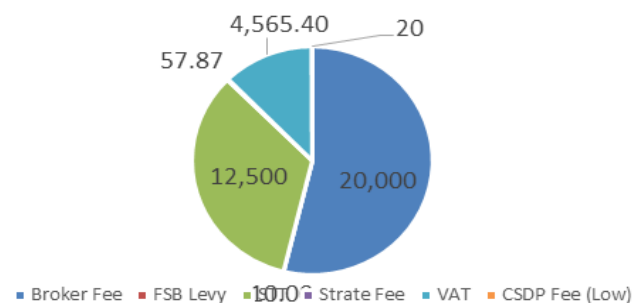
BUY (Controlled) R117,000 transaction - fees per entity



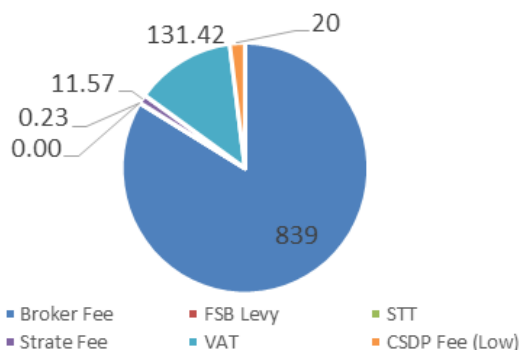
BUY (Controlled) R500k transaction - fees per entity



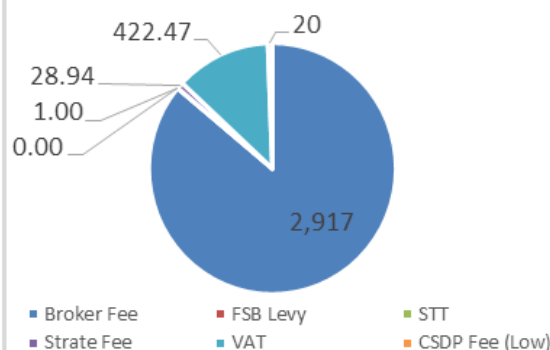
BUY (Controlled) R5m transaction - fees per entity



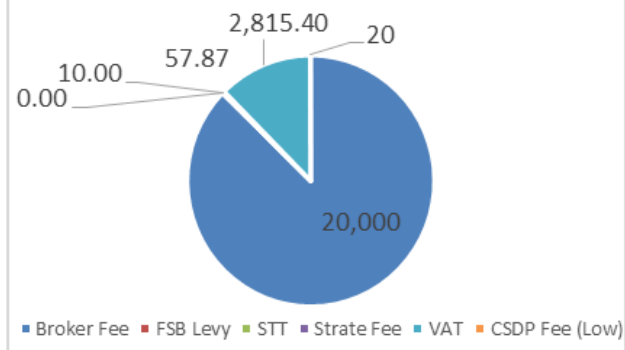
SELL (Controlled) R117,000 transaction - fees per entity



SELL (Controlled) R500k transaction - fees per entity



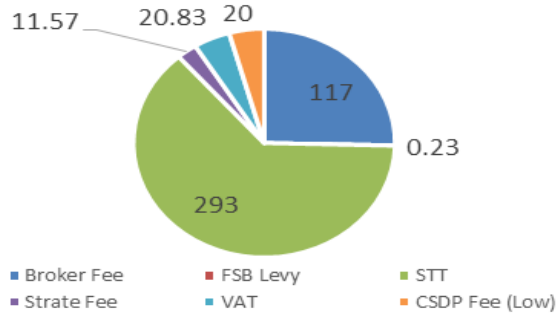
SELL (Controlled) R5m transaction - fees per entity



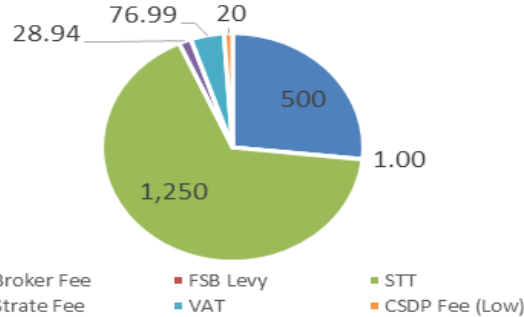
Strate 's contribution to transaction cost is minimal– Equity (non controlled client)

Split of fees paid per transaction

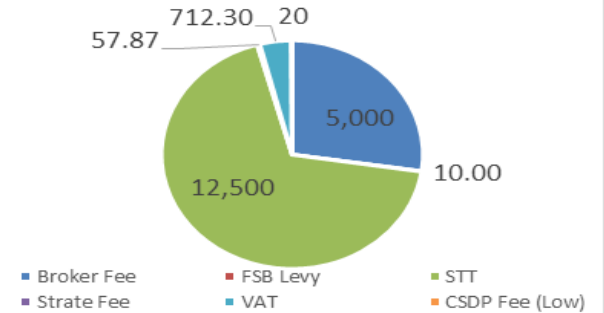
BUY (Non Controlled) R117,000 transaction - fee per entity



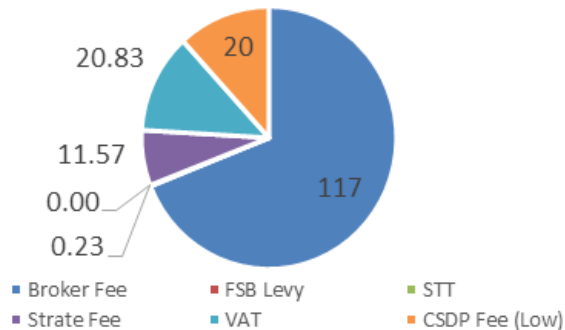
BUY (Non Controlled) R500k transaction - fee per entity



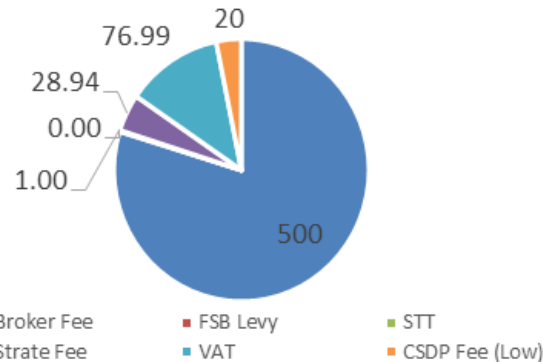
BUY (Non Controlled) R5m transaction - fee per entity



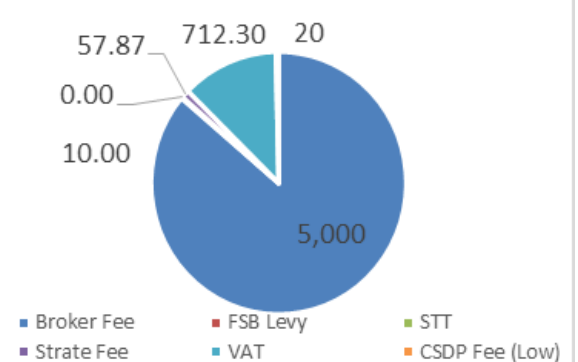
SELL (Non Controlled) R117,000 transaction - fees per entity



SELL (Non Controlled) R500k transaction - fees per entity

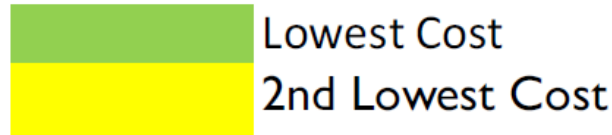


SELL (Non Controlled) R5m transaction - fees per entity



Equity Clearing and Settlement cost comparison

Legend:



EQUITY CLEARING AND SETTLEMENT - EXCHANGE MARKET
(Values in USD)

Trade Value	Ranking												
100,000	2 nd 0.013		10 th	N/A	8 th	1 st	3 rd	4 th	6 th	5 th	7 th	9 th	11 th
500,000	2 nd 0.013		10 th	N/A	8 th	1 st	3 rd	4 th	6 th	5 th	7 th	9 th	11 th

* Canadian Depository for Securities Limited 2016 Pricing review

Note: Fees were converted to USD as at 1 January 2016.

Current fee and billing model

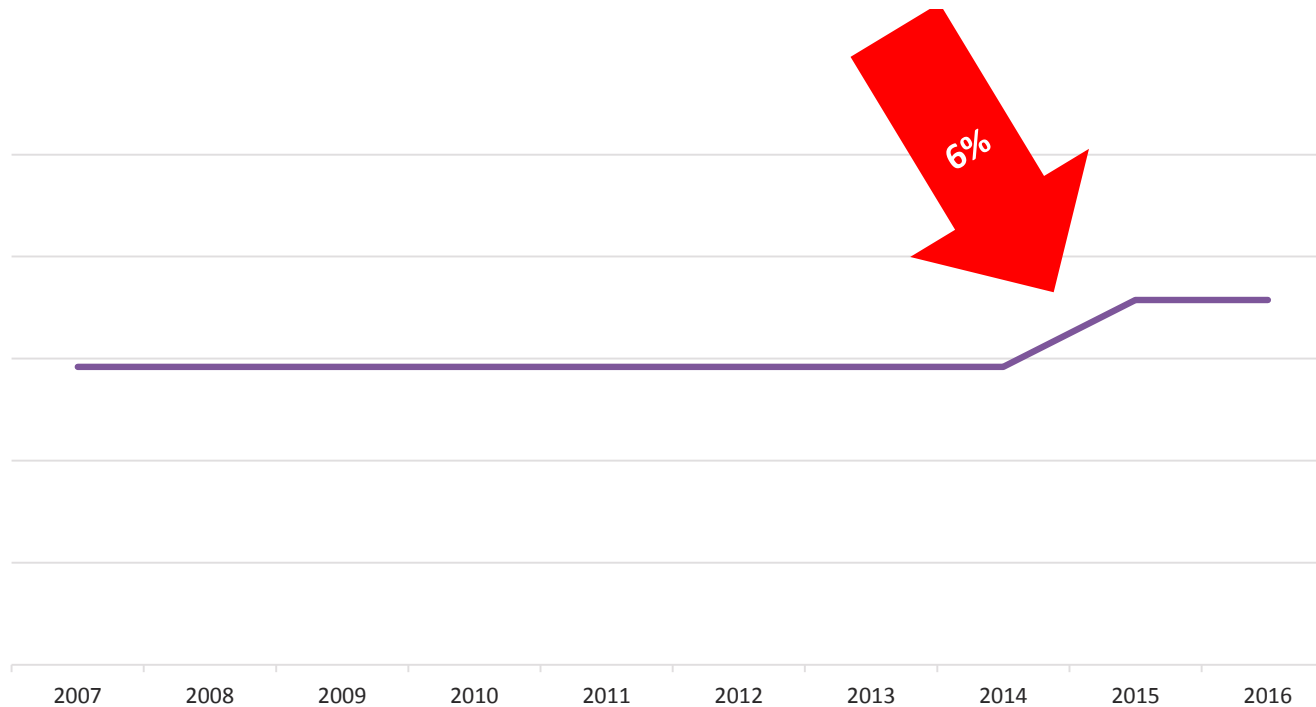
- JSE- Strate agreement, Strate is required to perform the settlement of all on-market transactions in equities securities and warrants executed on the JSE
- Strate bills the JSE directly for this service, and in turn the JSE bills its authorised users.
- The accuracy of the fee is reliant on:
 - The complete number and value of contract notes generated by the JSE's BDA system and
 - The accounts in which the trading activities took place
 - Current exclusions from Strate fees listed below:

Proprietary accounts	Ad Valorem fees not charged
Allocation suspense account -indicator DA	✘
Misdeal – Acc type 'MIS'	✘
Arbitrage – Acc type 'ARB', 'BAB' and 'RAB'	✘

Current fee scales

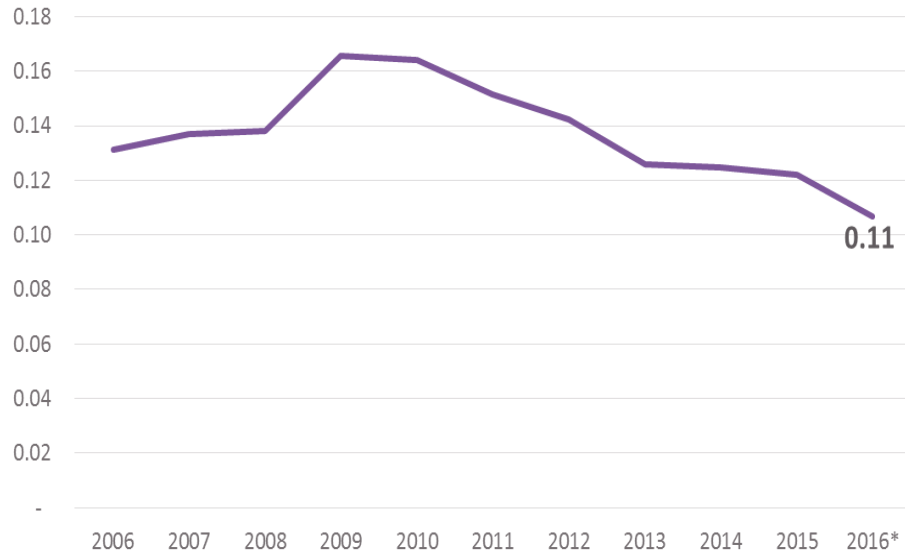
Contract note amount	Current fee (2015-2016) excl. VAT
< R 200 000	R 11.58
Between R 200 000 and R 1 000 000	0.005787% of Contract note amount
> R 1000 000	R 57.87

Price increase - once over 10 year period

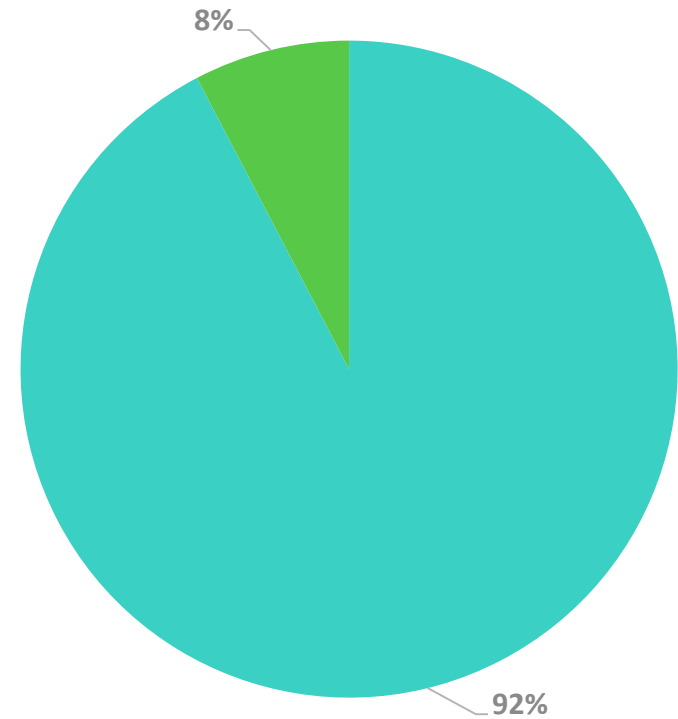


- Should an inflationary increase have been applied year on year from 2006 the cap would have been R1,8m, proposed cap level for 2017 is 49% lower.

Effective rate 0.11 vs. basis point charge 0.57



% of Revenue capped out



- Total Value of contract notes > R1m
- Total Value of contract notes < R1m

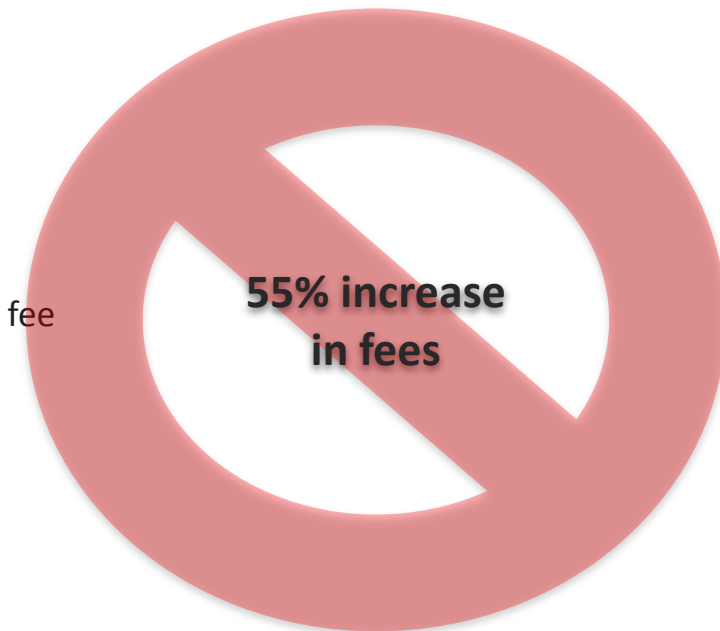
New fee model

- Strate acknowledges and appreciates all the input that we have received on a proposed new fee model, therefore Strate remodeled a more equitable fee structure
- Prop broker impact :
 - Misdeals and allocation suspense accounts will still not attract a Strate fee. However we will be removing the exemption on not billing for all arbitrage activity as per broker feedback.
 - Will accommodate for aggregation of proprietary accounts

New fee scales

Contract note amount	Proposed fee (2017) excl. VAT
< R 185 000	R 10.71
Between R 185 000 and R 1 210 000	0.005787% of Contract note amount
> R 1210 000	R 70.02

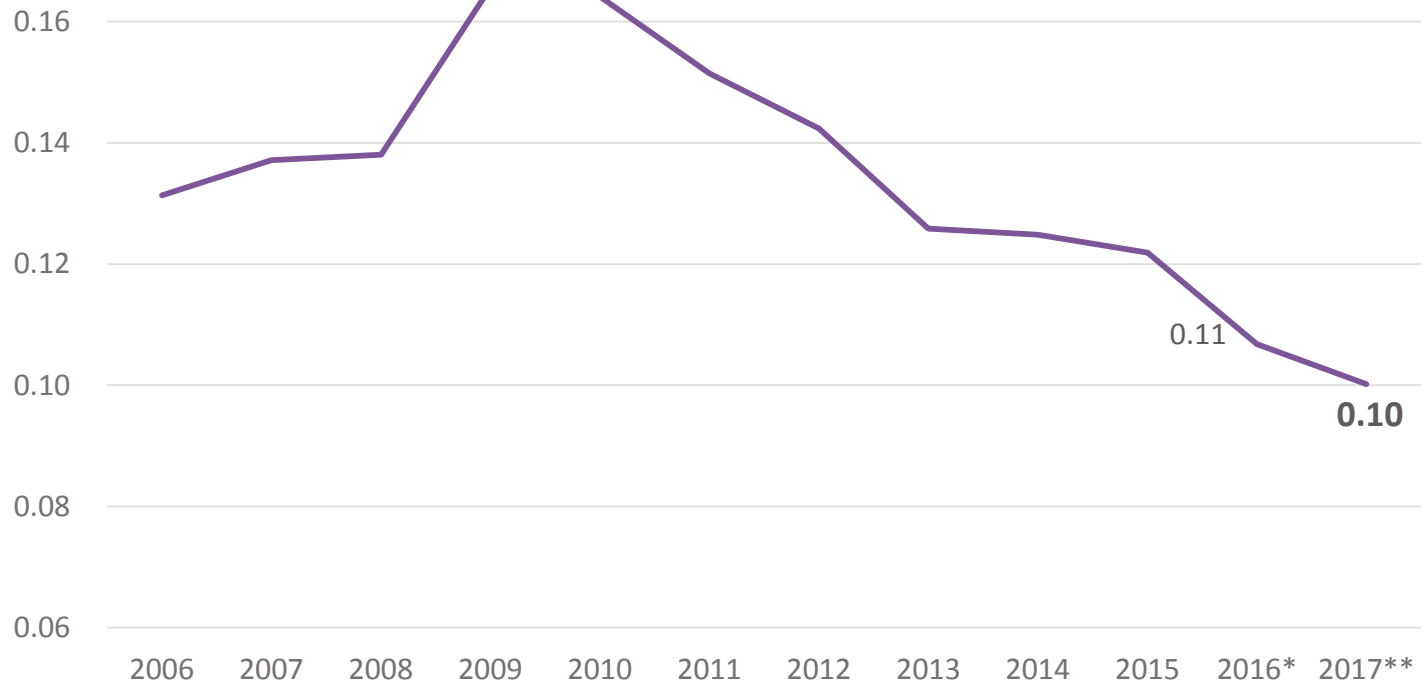
- 6% inflationary increase will be applied year on year on the cap fee



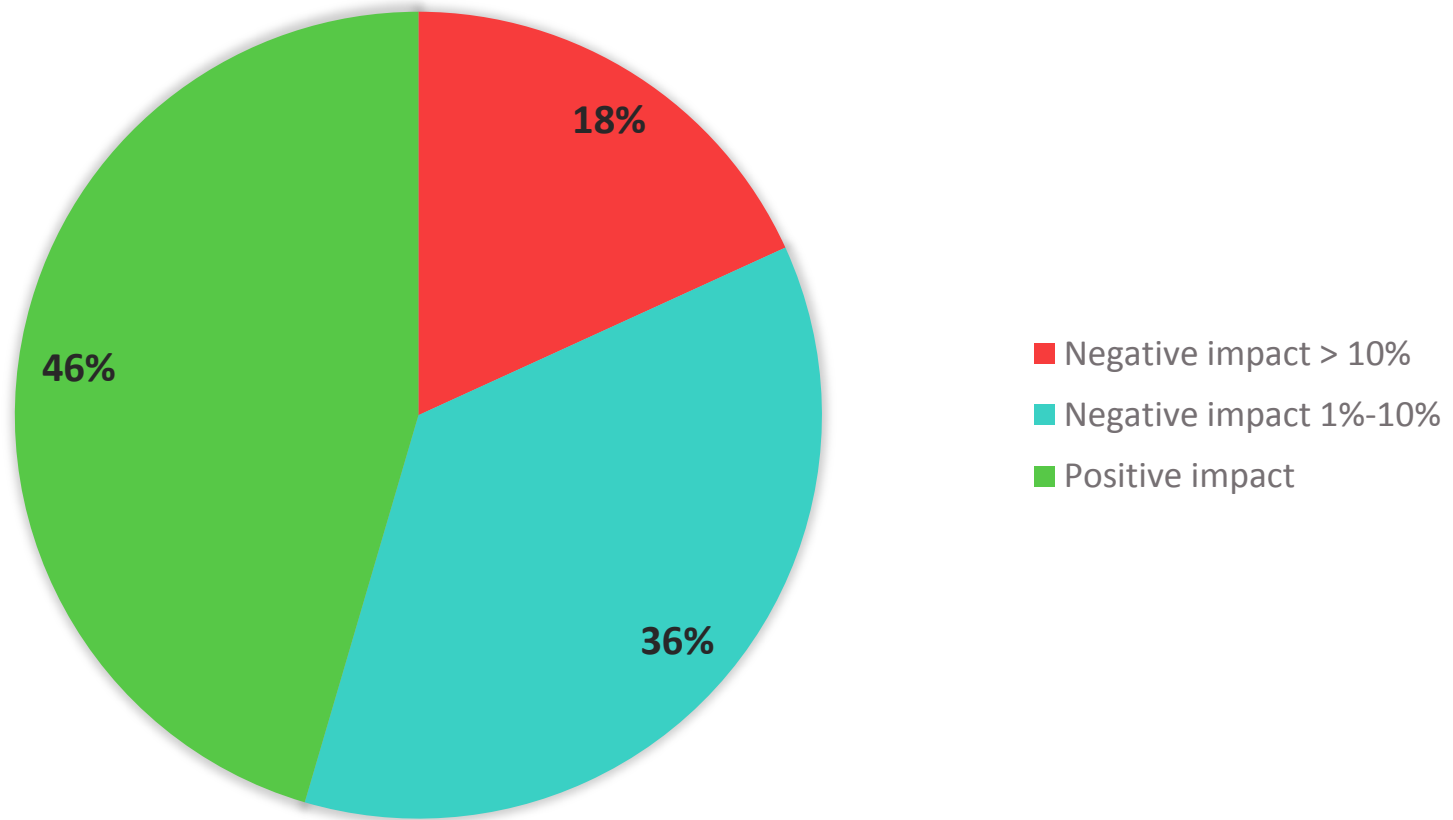
New fee model (continued)

- In view of aggregation, Strate remains revenue flat (as per 2016 forecasted Ad Valorem fee income of R131m)
 - Cap fee increase of 15% to remain revenue flat
 - Rate remains unchanged @ 0.5787 bps
 - Applied an additional 6% cap fee increase to keep the cap in line with inflation and to remain in line with market value traded
 - Thus, applied a floor decrease of 7.5% to R185k - benefiting small to medium clients and make the fees more equitable across the different types of market participants to maintain revenue flat at R131m
- Strate structured the fee model to be completely revenue flat based on
 - all trading activity including ARB
 - compromising R11m potential revenue realisation relating to non-ARB trades booked incorrectly to the ARB account
 - Strate therefore is keeping the best interest of the market on top of their minds
 - Strate wants to move forward with a model that has a more favourable impact on a larger percentage of market participants

Further Effective rate decrease in 2017



Overall Market Impact



- The negatively affected market participants effective rate is low in comparison to the effective rates in the entire market

Way forward

- Proposed implementation date first day of the February BDA month, 30 January 2017
- Letters to be handed out
- Sign for acknowledgement and indicate if a consultation is still required
- Strate will be forming a subcommittee in 2017, comprising key brokers, JSE and Strate and ASISA to design a new fee model that is practicably most suitable for the market.

Thank you

