

## Market Notice

Number: Y630  
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### BESA Integration Project – Feedback Dress Rehearsal and Go-Live Date

The JSE would like to take this opportunity to thank you for your participation in Dress Rehearsal 2 (DR2) that took place on Saturday 12 March 2011. The approach taken on DR2 was changed from DR1 to reflect a more accurate representation of a post go-live environment and therefore the results and learnings were different from DR1.

### Analysis of DR2

An analysis of the transactions entered into Nutron on DR2 reveals the following:

- 1) 631 deals matched without any problems. This represents 1262 trade legs. These trades include API to API and Nutron Front-end to API trades.
- 2) 533 unmatched trade legs remained in the unmatched deals files. Of these:
  - a) 340 trade legs resulted from buy transactions routed to the seller for acceptance where the trade was simply “accepted” by the counterparty, instead of first editing the trade, entering the matching yield or price and then accepting the trade. This approach results in the seller’s leg having a yield, consideration, and all-in-price as zero, thereby preventing matching.
  - b) 193 trade legs where there was either a single leg (this would result from an API user) or where the matching criteria were not met.
- 3) The net results above illustrate:
  - a) A simplistic result of 70% success.
  - b) Of the unmatched trade legs:
    - i) 64% (19% of total) resulted from a simple error. This should be easy to remedy.
    - ii) 36% (11% of total) resulted from more complex errors. Some of these arose from API users.
- 4) Certain reference data was incorrect in the DR environment:
  - a) Certain vanilla government bonds were not available in the drop-down lists. This was due to being in a suspended state.
  - b) Some historical CPI data was not loaded for CPI-linked bonds. This resulted in incorrect pricing of certain bonds.
  - c) Certain client codes were not available on Nutron.Processes have been implemented to remedy these data issues for Go-Live.

The above illustrates that there only remains a potential 11% of errors that need to be addressed.



## Remedies and Implications for Go-Live

A number of issues are relevant in planning for a Go-Live date.

- 1) DR2 did not identify any software related issues. Post the DR, the code was left in Production and has been operating successfully for IR and Currency derivatives since the 14<sup>th</sup> March.
- 2) Most of the issues identified at the trade level appear simple to remedy through more training and assistance from the JSE.
- 3) The Go-Live date must be synchronized with the final approval of the IRC rule book by the FSB. The expected date for the publishing of the IRC rule book in the Government Gazette is the 18<sup>th</sup> March. Allowing for a 14-day period for formal objections, the expected date of approval is now Monday 4<sup>th</sup> April.
- 4) The timing schedule of data vendors for sourcing non-executable prices. This is currently scheduled for 28<sup>th</sup> March.
- 5) The planning schedule of IT and Business resources at the JSE and members.

**Decision 1: The timeline for the IRC rules implies that a Go-Live date of 28<sup>th</sup> March is no longer possible.** Furthermore, to allow for the possibility of further delay in the rules it is not prudent to select the 4<sup>th</sup> April for Go-Live. Resource constraints at the JSE, due to other IT projects, for the weekend of the 9<sup>th</sup> April, have resulted in a **proposed Go-Live date of 18<sup>th</sup> April**. This is the last possible date before the Easter holidays.

**Decision 2:** Data vendors will go live with bond contributor data on 28th March as originally planned. The code to enable this is already live in the Production environment.

**Decision 3:** A market-facing meeting will be held at the JSE on Friday 18<sup>th</sup> March to discuss recent issues on the Project and the Go-Live plan. The meeting will be held from 12:00-14:00 in the JSE Auditorium. The key decisions to be taken at this meeting are:

- 1) What needs to be done to make the Go-Live date.
- 2) Is a full DR3 required? The JSE believes that the success rate on DR2 warrants a DR3. The proposed date for a DR3 is Saturday 2<sup>nd</sup> April.

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