



Market Notice

Number: Y635A
Date: 28 March 2011

Market Communication regarding NUTRON go live post Market meeting Friday, 18 March 2011

The JSE hosted a market forum on Friday 18th March 2011 to discuss the NUTRON implementation. The meeting which was requested by various market participants raised a number of concerns that the JSE endeavored to respond to as soon as possible.

This email serves as a response to these questions and concerns as well as to update all market participants regarding subsequent investigations and discussion held within the JSE.

Firstly, a list of all raised concerns has been listed below along with explanations where possible:

1. One of the biggest concerns expressed by the market was the inability to functionally and easily perform exception management on deals as well as operationally manage a simple deal matching process that enhances current market practices. This includes the inability to easily monitor incoming and outgoing deals between two counterparties and resolve any matching problems. This concern also includes the creation of "phantom" legs which hinder any feasible exception management process.
We have investigated the possibility of creating an incoming window that will replicate the current BTB process to allow for comparison of incoming and outgoing deals. Any front end users will also now receive all incoming deals from API users as well as other front end users. All "phantom" legs will automatically be deleted on the matching of the deal. This implies that the incoming/outgoing and matched functionality will now closely match the current BTB environment.
NB: API users will NOT be required to make any changes to current development as the entire infrastructure will be dependent on a 1 legged message architecture.
2. The previous work flow required users to edit incoming certain deals enter a yield and then accept the trade. Concerns were raised around the accept button functionality and the fact that it was confusing to users who expected the button to simply accept the deal.
While we understand that the accept button in the context of the business process flow that was presented is confusing, we are presenting a new business flow while we believe will eliminate the confusion. This button is also used for various other functions which are not simply limited to allocations. We believe that in an all book all environment, the need to edit this buttons tag is not necessary.
3. A concern was raised as to the operational workflow that occurs when a user uses both a front end and an API.
With the changes mentioned in point 1 the operational work flows for an API and a Front end user will be the same. All information will be contained, reflected and processed in the same manner. We believe that this will alleviate any concerns relating to mismatches in processing between the two alternatives.



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: RM Loubser (CEO), NF Newton-King, F Evans (CFO), JH Burke, LV Parsons
Non-Executive Directors: HJ Borkum (Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence, W Luhabe, A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne, G Serobe

4. During the previous dress rehearsals it was noticed that certain reference data was incorrect resulting in the users inability to complete and sign off certain functional testing.
We have taken remedial steps to ensure that all environments contain the same reference data relating to bond information, inflation data and client information. Please note that we are unable to exactly replicate client codes in the test environment as the Strate test environment does not exactly replicate the production environment. We have addressed this and all client codes are currently being checked in production. We expect this process to be complete by Wednesday, 30 March 2011.
5. Users commented that it was difficult to find certain trades in various windows.
We trust that the revised trade matching process which deletes “phantom” legs and includes API reported deals will alleviate most of these frustrations. We will also consult with market participants around any functional changes that might be requested to enhance this functionality going forward.
6. Participants requested that a simple user manual be distributed to help with the operational work flows associated with trade alleging and confirmation.
We are working to distribute such a manual and will also deliver training where necessary. We also believe that the revised workflow will also go a long way to alleviating any process flow concerns. If you require some of our time please feel free to contact any of us.
7. A number of market participants voiced their concerns relating to the data conversion process and how this could be checked and confirmed prior to go live.
While it is difficult to move data to a production environment we believe that it is prudent to replicate all current BTB production data in the NUTRON environment. We have earmarked the 11th and 12th April for this. On these days we will be taking the BTB data and populating the information into the NUTRON external environment. We trust that this will address certain concerns around what the NUTRON environment will look like on the go live date. We will also replicate this process in the NUTRON production environment during the dress rehearsal scheduled for Saturday 16th April. Members will have access to reversing trades in this environment as would be the case with all unsettled transactions post goes live.
8. A question was put to the project team enquiring whether the production and test environments contained the same code during the dress rehearsals.
Both environments have identical code deployed into them with one exception. The production environment cannot connect to the strate environment due to system limitations with the CD infrastructure. The reference data is loaded into the two environments separately and as a result discrepancies can exist. We are current resolving all these matters before our next dress rehearsal. Client codes will be different for the two strate environments but the NUTRON code that couples the strate code to the system will remain the same.
9. Various members stated that they had confirmed that the same queries had been responded to with different solutions/responses.
We will communicate a list of all outstanding problems and how they are to be dealt with or how they will be addressed. This list will be updated and distributed as they are picked up on a daily basis. We trust that this will address any concerns that members have queries that may arise and allow you to test problems that you may not have experienced directly yourselves.
10. There was a request where members asked if they could have a manner to check whether they could see all their client codes in NUTRON.
We will finalise the loading of all client codes onto NUTRON by the 30th March 2011. Once we have completed this process we will distribute a list of all client codes loaded onto the production environment to all members. This information will be available in both dress rehearsals for view and testing.
11. Certain users felt that the JSE was not providing enough support with regards to resolving and testing of potential bugs and other functionality issues.

We have pooled all of our resources to ensure a successful implementation of the NUTRON platform and endeavor to provide all market participants with the service that they require. A list of all outstanding issues will be made available on a daily basis along with any solutions or steps to resolve these problems. We have also attached a complete list of contacts with roles and responsibilities to the bottom of this email should you require assistance.

12. A question was raised concerning the availability of resources within the JSE to deliver on this project.

We have assigned all interest rate resources to the project to ensure a successful go live. STT have also committed their resources and various divisions have resources allocated to the project. We have attached all of their contact details below should you have any queries relating to any specific area.

Functional Solution to the operational workflows associated with trade matching and exception management.

At the meeting on Friday many members requested that the JSE provide a regular and transparent feedback process. Some members requested that we have a website made available where all documentation and comments could be checked and referenced. As we have limited resource availability and we believe that we can deliver the necessary transparency and foresight we will be sending a daily email as well as communicating with all stakeholders on a regular basis over the next couple of weeks. We will endeavor to distribute a daily email summarizing all new bugs\concerns requests as well as any progress made on our side. We will also be contacting every member on an individual basis to ensure that any questions do not remain unresolved and that all members are stakeholders in decisions made by the JSE interest rates division.

As was mentioned above, one of the largest concerns posed at Friday's meeting was the difficulties experienced in the exception management and trade matching processes. We have worked on a solution that we believe will solve the majority of concerns around this process. An example of the proposed change is listed below.

1. ABMN is the first member to report their trade. Their trade is therefore outgoing and awaiting match from counterparty SCMx, hence ABMN has booked the initial trade.

Ref No	Member	Dealer	Prin	Master Client	Time	Buy/Sell	Nominal	Contract	Price	Yield 1	Yield 2	Rate	Counter Party	Capacity	Flags	Seq No	SubAcc	Account Nu	Assign Seq	Origin	
000000048	ABMN	SHA	ABMN		16:32:23	Buy	1 000 000	R155 28 M4	102.13479	10.000	0.000	0.00000	SCMX	P		1559				0	ReportOnly

2. SCMx will then receive a notification of an trade awaiting match in their incoming unmatched view:

View SCHIXOMA SPOT Income Unmatched Trades																						
Ref No	Member	Dealer	Prin	Master Client	Time	Buy/Sell	Nominal	Contract	Price	Yield 1	Yield 2	Rate	Counter Party	Capacity	Flags	Seq No	SubAcc	Account Nu	Assign Seq	Origin	Trade	
000000048	ABMN	SHA	ABMN		16:32:23	Buy	1 000 000	R155.28 M	102.13479	10.000	0.000	0.00000	SCMX	P		1559				0	ReportOnly	

View SCHIXOMA SPOT Outgoing Unmatched Trades																						
Ref No	Member	Dealer	Prin	Master Client	Time	Buy/Sell	Nominal	Contract	Price	Yield 1	Yield 2	Rate	Counter Party	Capacity	Flags	Seq No	SubAcc	Account Nu	Assign Seq	Origin	Trade	

3. SCMX will then capture the details of the matching leg by inserting a new report only trade in the outgoing window using the “insert” button.
4. When this matches the details from ABMN Outgoing will be deleted, and the details from SCMX will be deleted from their unmatched views. The matched trade will then be found in the Spot View Trades screen, and pending a Unexcor trade leg reference , the trade will also be found in the unconfirmed trades views. Once a Unexcor trade leg number has been allocated the trade will only be viewed in the Unsettled trades view and the Spot view trades windows.

We will be talking to all members in the next couple of days to confirm the revised process and whether it resolves your concerns around these processes.

Proposed Timelines of project events leading to go live date

Another major concern that was presented was the lack of transparency around communication and the last minute communications with regards to dress rehearsals. We have for this reason compiled a timeline of expected dates and events over the next couple of weeks leading up to go live.

Wednesday, 30 March – JSE will receive a new version of the code including the revised process flows around trade matching and exception management. No other outstanding issues have been addressed in this code drop.

Wednesday, 30 March to Tuesday, 05 April – The JSE will perform internal testing. The first 3 days will be assigned to pure functionality testing which aims to ensure that the code that is delivered into the external environment for members to test is working correctly. We will also complete our entire regression testing over this period.

Monday, 04 April – The code will be deployed into the external environment and all members will have access to this code with the revised process flows.

Monday, 04 April to Friday, 08 April – Members are requested to conduct internal testing including systems integration and accustom themselves to the revised process flows. The JSE will deploy staff to all high volume users to aid in the understanding of these process flows as well as other users that would require any training or support.

Monday, 11 April to Wednesday, 12 April – We will deploy all BTB production data into the NUTRON external environment allowing users to experience a post go live environment.

Thursday, 13 April to Friday, 15 April – We will request all members to participate in a parallel run based on the new processes. This will be performed into the external environment.

Saturday, 16 April – The JSE will host a dress rehearsal where market participants will be able to check functionality and all reference data in a production environment.

Monday 18 April to Wednesday, 20 April – We will host a second parallel run to ensure that all members are comfortable with the process flows associated with the new code.

Saturday, 07 May – A connectivity dress rehearsal will be held where all members will be able to confirm final reference data information and functionality as well as connectivity.

Monday, 09 May – GO LIVE! The software will remain in production post the dress rehearsal on Saturday, 07 May. Not trades will be booked onto BTB as of this date.

We believe that the revised time frame gives the JSE and members time to address any concerns around the process flows as well as outstanding matters. We will be in touch with each of you to discuss this notice and the implications of it on your business.

Outstanding defects and requests for enhancements

A list of defects picked up during the testing phase will be compiled and distributed along with the daily communication as they arise. We have also included a list of all outstanding request or enhancements and hope to have a discussion with all market participants during the upcoming weeks but before the go live date to determine the correct priorities for various outstanding changes and fixes.

A list of all contacts has been included below for various JSE staff and their respective responsibilities

Graham Smale

Director: Interest Rates Division

+27 11 520 7831

grahams@jse.co.za

Neville Deverneuil

Manager: Interest Rate Operations

+27 11 520 7811

nevilled@jse.co.za

Leon Fourie

Project Manager: Internal

+27 11 520 7408

leonf@jse.co.za

Chanelle Lewis

Interest Rates System Specialist

+27 11 520 7834

chanellel@jse.co.za

Bernard Claassens

Manager: Cash Bonds and Repos

+27 11 520 7810

bernardc@jse.co.za

Bronwyn Bower
Interest Rate Product Specialist
+27 520 7360
bronwynb@jse.co.za

Brett Kotze
General Manager: Clearing and Settlement
+27 11 520 7587
brettk@jse.co.za

Paolo Govetto
Manager: Interest Rates Derivative Products
+27 11 520 7812
paolog@jse.co.za

Maria Dalle Ave
Senior Operations Manager: Client Services
+27 11 520 7420
mariada@jse.co.za

Customer Support
+27 11 520 7777
customersupport@jse.co.za

Interest Rate Operations
interestratesgroup@jse.co.za

Graham Smale

Designation Director
Division Interest Rates Division
Tel +27 11 520 7831
E-mail address: Grahams@jse.co.za

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