JSE Market Communication
Session
18 November 2015
Agenda

• Market activity update
• Integrated Trading and Clearing (ITaC) update
• JSE Services update
  • Client Services Centre (CSC)
• New Product/Services update
  • Derivatives data via JSE London PoP
• General
  • Business Continuity update
  • 2016 Key market facing dates
  • Client connectivity update
• T+3 update
• BDA service update
• Questions?
Market Activity Update

Leanne Parsons
Market Activity Summary
Year to Date (end October 2015)

- Equity value traded: 24%
- Equity trades: 38%
- Equity Derivatives value traded: 12%
- Currency Derivatives contracts: 1%
- Interest Rate Derivatives contracts: 26%
- Commodity Derivatives contracts: 23%
- Bond turnover: 17%
Spread and Value Traded Analysis

Basis of the analysis

• Analysis was conducted 349 days post Colocation go live
• 349 days preceding the implementation were used for comparison purposes
• Analysis was done for the following periods
  • SET 1 - 2010/02/06 to 2011/07/21  pre Colocation
  • SET 2 - 2011/07/22 to 2012/12/07  pre Colocation
  • SET 3 - 2012/12/10 to 2014/05/09  pre Colocation
  • SET 4 - 2014/05/12 to 2015/09/29  post Colocation

• Over the period under consideration, the JSE implemented two new pricing methodologies which have impacted clients trading strategies
• The trends identified post the implementation of Colocation may be a result of a combination of factors
Spreads across the Top 40 have narrowed to 10-14 bps from 14-18 bps
Spreads across the All Share have also narrowed to 15-21 bps from 21-30 bps.
Average Value and Volume per Order at BBBO
FTSE/JSE Top 40 Index

Average value and volume at Top of Book has increased since colocation
Average Value and Volume per Order at BBBO
FTSE/JSE Top 40 Index

Average value and volume at Top of Book has increased since colocation
Average Transaction Size of Automated Executions
FTSE/JSE Top 40 Index

Average transaction sizes have decreased
Colocation value traded increased from 20% to 30%
Integrated Trading and Clearing (ITaC) Update

Leanne Parsons
Proposed ITaC phases

• The programme consists of 2 Projects
  • Project 1:
    • Phase 1a: Equity Market upgrade for trading only
      o Targeting Q3/4 2016 (dependent on T+3 implementation)
    • Phase 1b: Equity Derivatives Market
      o Targeting Q2/3 2017
    • Phase 1c: Currency Derivatives Market
      o Targeting 2 months after Phase 1b implementation
  • Project 2: Commodity Derivatives Market, Interest Rate Derivatives and Bonds Markets
Trading, Clearing and Information Systems
All Markets – High-level

ORDER & TRADE MANAGEMENT GATEWAYS
ALL MARKETS
Trading (Native)
Post Trade (FIX)
Drop Copy (FIX)

EQUITY
Trading (FIX)

DEAL MANAGEMENT & CLEARING
ALL MARKETS
Deal Mgmt (EMAPI)
Post Trade Risk Monitoring
Collateral Mgmt
Margin Methodologies
Clearing and Settlement

REFERENCE, EOD & OTHER DATA
ALL MARKETS
Information Delivery Portal (IDP) (FTP)
Reference Data, Statistics & other

MARKET DATA GATEWAYS
ALL MARKETS
Full Depth (MITCH)
Throttled & Un-throttled

DERIVATIVES
BONDS & INTEREST RATE
LvL1 (FIX)
Indices (FIX)
News (FIX)

EQUITY
LvL1 (MITCH)
Interfaces for Post Trade Functions
High Level Proposed Solution

Deal Management, Clearing & Back Office
Front Ends/API Solutions

Monitoring of trading activity
- Trades (COB & Reported)
- Orders (COB)
- Open Interest (periodic)
  - Live Prices
  - Other Market Data

Market Data
- G/W

Trade and Position updates
- Deal Management
- New contracts intraday
- Client Maintenance
- Intraday Risk Monitoring
- Collateral Mgmt
- EOD Balancing

CLEARING SYSTEM

Deal Management & Clearing G/W (EMAPI)

INFORMATION DELIVERY PORTAL (IDP) (FTP)

Post Trade G/W

Drop Copy G/W

TRADING SYSTEM

INFORMATION DELIVERY PORTAL (IDP) (FTP)

Open Interest

Trade and Position updates
- Deal Management
- New contracts intraday
- Client Maintenance
- Intraday Risk Monitoring
- Collateral Mgmt
- EOD Balancing

INFORMATION DELIVERY PORTAL (IDP) (FTP)

Open Interest

Trade and Position updates
- Deal Management
- New contracts intraday
- Client Maintenance
- Intraday Risk Monitoring
- Collateral Mgmt
- EOD Balancing

INFORMATION DELIVERY PORTAL (IDP) (FTP)
Status Update

• Review of market facing specifications for Project 1 is currently in progress
• JSE on track to issue the first draft set of specifications to clients during December 2015
• Third party vendor site visits conducted during October 2015 were successful and assisted in closing out on remaining requirements
• Functional testing by the JSE of initial code drop of trading and surveillance systems from vendor is progressing well
• Trading and Surveillance Infrastructure procurement in progress
• Market model and structure currently being designed and market consultation will commence shortly
Status Update

• 90% of Clearing solution has been delivered into JSE system test environment and system testing is in progress
• Additional functionality being delivered to the JSE during December 2015
• Review of the client facing Extended Messaging Application Programming Interface (EMAPI) specifications is in progress (on track to issue in 2016)
Status Update

JSE Downstream

- Work is in progress to finalise:
  - the Real Time Clearing (RTC) integration requirements to JSE downstream systems
  - scope and requirements for the new Valuation Information System (VIS)
  - the more complex Master Data System (MDS) designs for corporate actions, FX collateral and FwdFwdFX as well as instruments created during the day
- All finance/billing system requirements are on track and work is in progress on integration components
Status Update

User Readiness and Engagement

- Letters to all Software providers, clearing members and members have been issued
- Letters to market data clients to be issued shortly
- Planning of the 2016 user readiness and engagement activities is currently in progress
- A service hotline confirming all technical working groups for 2016 will be published once these have been finalised
- Working group topic list is ongoing, clients are requested to send discussion topics which they wish to have covered to ITAC@jse.co.za
- **Clients to ensure they are adequately represented at the technical working group sessions**
- All presentations are available post the sessions on the JSE website at the following link:
  - [https://www.jse.co.za/services/post-trade-services/itac](https://www.jse.co.za/services/post-trade-services/itac)
ITaC Software Provider List

- The following Software (SW) providers have confirmed to the JSE that they will be offering Trading and Market Data front-ends/interfaces to the market
  - Estuary
  - IRESS
  - Nutcracker Technologies
  - Sungard
  - Synthesis Software Technologies
  - Tata Consultancy Services
ITaC Software Provider List

- The following Software (SW) providers have confirmed to the JSE that they will be offering Deal Management, Clearing, Risk Management front-ends/interfaces to the market
  - Estuary (Clearing and Risk Management)
  - Sungard (All)
  - Tata Consultancy Services (All)
JSE Client Services Centre (CSC) Update

Grace Brown
JSE Client Services Centre (CSC)
Recap on New Structure

Head: Client Services Centre (CSC)
Grace Brown

CS Manager: Trading Support
Nasheen Sharma
- Client Service Specialist: Peshen Reddy
- Client Service Analyst: Ntuthuko Shoba
- Client Service Analyst: Sashlin Naidoo
- Client Service Analyst: Petunia Mudau
- Client Service Analyst: Veronica Sehoole
- Senior Client Service Analyst: Vikesh Ramdhani

CS Manager: Post Trade Support
Julian Amorim
- Client Service Specialist: Chris Beilings
- Senior Client Service Analyst: Natasha Fernandes
- Senior Client Service Analyst: Tasannum Sigamoney
- Senior Client Service Analyst: Mandi Bothma
- Client Service Analyst: Sibongiseni Mpembe
- Client Service Analyst: Kagiso Lesito
JSE Client Services Centre (CSC)

• Knowledgeable Staff
  • Most organisations do on-the job training and given the nature of our business, the JSE follows the same approach
  • We have changed our on-boarding process for new staff members to ensure our clients have a better experience when engaging with the CSC team
    • New staff members will receive training as part of their on-boarding
    • Dedicated Process Engineer in CSC assisting with creating knowledge data base

Client Services Centre (CSC)
011 520 7777

Option 1: Trading Support & Connectivity Related Queries
Option 2: Post Trade Support
Option 3: Password Reset
JSE Client Services Centre (CSC)
Recap of Support Functions

**Trading Support**
- Trading Enablement’s
- LCON support
- PTW support
- Colocation
- API Support
- Functional trading queries
- Technical trading queries
- Business trading queries (Trading rules & Directives)
- Proactive trading system monitoring
- CTS support
- Order Cancellations
- Zero fee Requests
- Equity End of Day dissemination
- Indices End of day dissemination
- Nutron (Equity Derivatives, Commodities Derivatives, Interest Rate & Currency Derivatives)
- Nova
- IDP
- SENS

**Post-Trade Support**
- Functional and business support ‘BDA’
- Deal and Finance Management
- Settlements
- Securities lending and borrowing
- Corporate Actions support
- CGT, IT3B, DWT SARS reporting
- Segregation of funds support
- Upload functions ‘BDA’
- Dissemination and Report support ‘BDA’
- ECS functional and business support
- Post trade system training
- Post trade functional testing ‘BDA’
- ECS
- Capad
JSE Client Service Centre (CSC) Vision

Clients Are Always Our Top Priority

EXCEPTIONAL SERVICE EVERY SINGLE TIME
JSE Service Availability

Market Availability per Quarter

- 2014 Q1: 99.95
- 2014 Q2: 99.8
- 2014 Q3: 99.75
- 2014 Q4: 99.7
- 2015 Q1: 99.65
- 2015 Q2: 99.6
- 2015 Q3: 99.6
JSE Service Availability

Overall Market Availability

<table>
<thead>
<tr>
<th>Year</th>
<th>Availability</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>99.40</td>
</tr>
<tr>
<td>2009</td>
<td>99.50</td>
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<tr>
<td>2010</td>
<td>99.60</td>
</tr>
<tr>
<td>2011</td>
<td>99.70</td>
</tr>
<tr>
<td>2012</td>
<td>99.80</td>
</tr>
<tr>
<td>2013</td>
<td>99.90</td>
</tr>
<tr>
<td>2014</td>
<td>99.90</td>
</tr>
<tr>
<td>2015</td>
<td>99.90</td>
</tr>
</tbody>
</table>
JSE Service Availability

Market Disruptions per year all Markets

- 2010: 10
- 2011: 30
- 2012: 70
- 2013: 20
- 2014: 15
- 2015: 10
JSE New Products/Services update

Neil Vendeiro
Derivatives Data via the JSE London Point of Presence (PoP)

New Market Data service successfully implemented and available

• Provision of real-time **Equity Derivatives** and **Commodity Derivatives** public market data - can subscribe to one or both markets
• Is an interim solution to meet international client demand until the implementation of the Integrated Trading and Clearing (ITaC) solutions
• Comprises the full order book (i.e. level 2 data) and data is provided in a multicast protocol similar to the JSE Equity Market to make the long term development transition to ITaC as easy as possible
• PoP clients will have to conform their software before being enabled for the production data
• Transition to accessing the derivatives data for existing PoP clients is relatively straightforward

For more information about this exciting new data service, please contact the Market Data team via **MDClients@jse.co.za**, or via your designated Market Data Account Manager
Future Introduction of new Market Data Indices Agreements

- JSE is revising the agreements that cover the use of Indices data, as well as revising those agreements that cover the IP licences on Indices data
- This follows the revision and introduction of data agreements covering non-Indices data in 2011
- JSE is endeavouring to rationalise the number of different agreements as well as reduce the complexity and effort both for JSE and for clients as best as possible
- Revision exercise is almost complete and the intention is to transition clients to the new agreements in 2016
- Clients will be provided with adequate notice to assist with planning effort
- Market Data team is considering the value of one or more education sessions ahead of the roll-out to assist clients to transition to the new agreement(s)

For further information about the new Indices agreements, please contact the Market Data team via MDLegal@jse.co.za
General
General

• Business Continuity Management update - Gwen Linden
• 2015 Derivatives releases and 2016 key market facing dates – Leanne Parsons
• JSE Client Access Network and connectivity access - Dennis Mwansa
Business Continuity Management

• Feedback: Mandatory Client Facing Disaster Recovery (DR) Test
  • Held on 3 and 4 October 2015
  • 100% participation in Equity Market
  • Participation in Derivatives markets not at required level and JSE teams will engage with members regarding their non-participation

• Business Continuity Management
  • JSE tested business contingency plans during EcoMobility month
  • Political party march to JSE
2016 Key Market Facing Dates
JSE Remote Disaster Recovery (DR) Tests

• The JSE Remote Disaster Recovery Market Facing Test for all Markets is a weekend during which the JSE will test connectivity with clients to the JSE Remote Disaster Recovery Site
• Participation in the market facing tests is mandatory for all clients for all markets

<table>
<thead>
<tr>
<th>DAY</th>
<th>DATE</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturday</td>
<td>16 April 2016</td>
<td>Internal JSE Technical DR Test</td>
</tr>
<tr>
<td>Sunday</td>
<td>17 April 2016</td>
<td></td>
</tr>
<tr>
<td>Saturday</td>
<td>4 June 2016</td>
<td>Preparation for Market Facing DR test</td>
</tr>
<tr>
<td>Sunday</td>
<td>5 June 2016</td>
<td></td>
</tr>
<tr>
<td>Saturday</td>
<td>13 August 2016</td>
<td>Contingency for Internal JSE DR test</td>
</tr>
<tr>
<td>Sunday</td>
<td>14 August 2016</td>
<td></td>
</tr>
<tr>
<td>Saturday</td>
<td>5 November 2016</td>
<td>Market Facing JSE Remote DR requiring</td>
</tr>
<tr>
<td>Sunday</td>
<td>6 November 2016</td>
<td><strong>mandatory</strong> participation from <strong>ALL</strong> clients</td>
</tr>
</tbody>
</table>
2015 Derivative Market Releases Update

- 2015 Derivatives Release 2: Go-live dates
  - EDM and CDM – 30 November 2015 (deployment Sat 28 Nov 2015)
    - Contingency for EDM and CDM – Mon, 7 Dec 2015
  - IRC Market – 7 December 2015 (deployment Sat 5 Dec 2015)
    - Contingency for IRC – Mon, 13 Feb 2016

<table>
<thead>
<tr>
<th>Market</th>
<th>Change Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency Derivatives</td>
<td>Request for quote (RFQ) for Anyday contracts</td>
</tr>
<tr>
<td>Equity Derivatives</td>
<td>Cando fee Model additions – adding a maximum and minimum fee</td>
</tr>
<tr>
<td>All Markets</td>
<td>Contracts margin offset - Ability to apply full margin offsets for contracts that are identical</td>
</tr>
<tr>
<td>All Markets</td>
<td>Dynamic Price Band, referencing the last traded price</td>
</tr>
<tr>
<td>Spot Bonds</td>
<td>Corporate Bond Trading - Electronic trading platform and functionality in Nutron to cater for trading corporate bonds on-screen</td>
</tr>
<tr>
<td>IRC Market</td>
<td>Decimal points to be added to the coupon rate</td>
</tr>
<tr>
<td>Equity Derivatives</td>
<td>Fee model changes - Change single stock futures nominal from 100 to 1</td>
</tr>
<tr>
<td>Bond Surveillance</td>
<td>Enhancement to out-of-range alerting process</td>
</tr>
<tr>
<td>Commodity Derivatives</td>
<td>Change display codes to 30 characters</td>
</tr>
</tbody>
</table>
• 2015 Derivatives Release 2: Important timelines:
  • Updated API specifications were published on 9 September 2015
  • Code delivery and test environments were available from October 2015
  • For details of where to download the test environment and connect, please contact the Client Services Centre (CSC) on CustomerSupport@jse.co.za or 011 520 7777

• The new Nutron front-end version will need to be downloaded prior to the Monday Go-live, all details will be communicated via Service Hotlines
2016 Key Market Facing Dates
Participant Test Weekends (PTWs)

- A PTW is an opportunity for clients to conduct their own scripted or unscripted testing in the JSE Equity Market Trading and Information system production environment on a non-business day
- These are **optional** tests and are available to all current production users of the service

<table>
<thead>
<tr>
<th>DAY</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturday</td>
<td>23 January 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>13 February 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>19 March 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>09 April 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>21 May 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>25 June 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>23 July 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>20 August 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>10 September 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>22 October 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>19 November 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>03 December 2016</td>
</tr>
</tbody>
</table>
2016 Key Market Facing Dates
Exchange Test Weekends (ETWs)

An ETW is a weekends during which the JSE can apply maintenance to the JSE production environment on a non-business day (normally a Saturday), that may impact client connectivity to the JSE or JSE services for one or all of its markets

Client participation may be mandatory for an ETW to assist the JSE in proving that the maintenance has been successful (dependent on change scope and type)

The JSE will notify clients in advance of the scheduled ETW, what maintenance is being applied and any required market participation

<table>
<thead>
<tr>
<th>DAY</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturday</td>
<td>06 February 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>14 May 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>09 July 2016 (dependent on T+3)</td>
</tr>
<tr>
<td>Saturday</td>
<td>03 September 2016</td>
</tr>
<tr>
<td>Saturday</td>
<td>12 November 2016</td>
</tr>
</tbody>
</table>
JSE market releases include upgrades or implementation of new systems and services into the JSE production environment.

<table>
<thead>
<tr>
<th>Market Release</th>
<th>Further Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Market</td>
<td>T+3 Go Live dates later in the presentation</td>
</tr>
<tr>
<td></td>
<td>Implementation of the Integrated Trading and Clearing (ITaC) project phase 1(a) is</td>
</tr>
<tr>
<td></td>
<td>schedule for Q3/4 2016</td>
</tr>
<tr>
<td></td>
<td>Once planning for this release is finalised, the various dates will be communicated</td>
</tr>
<tr>
<td></td>
<td>to clients</td>
</tr>
<tr>
<td>Derivatives Markets</td>
<td>No major releases are planned for 2016; however minor bug fix releases may be</td>
</tr>
<tr>
<td></td>
<td>scheduled during 2016</td>
</tr>
</tbody>
</table>
JSE Client Connectivity Update

- Legacy telecommunications mediums such as X21 leased lines and E1 lines are being phased out by the Telecommunications providers
- JSE will therefore be decommissioning these technologies ASAP
- JSE Clients are urged to migrate to suitable alternative connectivity medium options offered by any of the approved JSE Network Service Providers (NSPs) as early as possible during 2016
- The JSE will engage with clients and schedule cut over dates for each client
- Connectivity options for consideration include:
  - Metro Ethernet connectivity
  - Fibre connectivity
  - Extranet MPLS
- JSE Clients are urged to consider future requirements for initiatives such as ITaC for their connectivity solutions when engaging with their NSPs and planning migrations off any legacy technologies
T+3 Update

Leila Fourie / Tyrone Arendse
T+3 Update

• Agenda
  • Overall programme status and testing status update
  • Go-live month decision
  • Timeline
  • User readiness
  • Market readiness
# T+3 Update

## Overall programme status

<table>
<thead>
<tr>
<th>Phase</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Implemented successfully - 22 July 2013</td>
</tr>
<tr>
<td>2</td>
<td>Implemented successfully – 20 October and 27 October 2014</td>
</tr>
<tr>
<td>3</td>
<td>Construction in progress – Iterative testing underway – May to July 2016 ready for go-live</td>
</tr>
</tbody>
</table>

Phase 1 – Regulatory and Automation

Phase 2 – ECS go-live on T+5 Settlement Cycle

May to July 2016 ready for go-live

Phase 3 – ECS and BDA on T+3 Settlement Cycle
T+3 Update
Testing status update

• All JSE internal development is now complete
• Internal integration testing complete using an iterative approach
• Full cycle of regression testing successfully completed
• Systems Integrations Testing (SIT) cycle 1 successfully completed with 2 CSDPs
• SIT Cycle 2 is underway, planned for completion Friday 20th November
• All CSDPs and Strate are currently testing in SIT with the JSE

Testing is on track with a low defect rate
T+3 Update
Timeline review and testing status update (cont.)

The following scope is included in the test cycle:
- Fails Management
  - Terminating Transactions BDA (CR013 for Proprietary)
  - Terminating Transactions CSDP’s
  - Rolling of Settlement
  - Failed trades
  - Re-transaction
  - Compensation
  - Corporate Actions
  - Securities Funds Availability (SFA’s) for Fails Management
  - Risk Management (Margining for Fails Management)
- Move from T+5 to T+3 (migration testing)
- CSDP functionality
  - Back-To-Back links
  - Dependency Links
  - Other CSDP and Strate functionality for T+3
- MT548 (Reason for Un-commit for non-controlled clients)
- Lending and Borrowing (SLB and MLB) – JSE SAT
- BDA specific functionality
  - Account Transfers/Portfolio Moves/SLBs, etc.
- ECS BDA (Terminating Transaction eligibility and algorithmic calculations)
T+3 Update
Go-live month decision – key considerations

• JSE readiness
  • Technical
  • Functional
• CSDP readiness
  • Technically
  • Functional
• Strate readiness
  • Technically
  • Functional
• Market Readiness

• Corporate Actions taking place over the proposed periods
• Futures close-out in June 2016
• Global initiatives going live over the same period
• BDA month-end
• Calendar month-end
• Debt Instrument Solution (DIS)
• JSE April 2016 Release
T+3 Update
Go-live month decision – key considerations (cont.)

• JSE and Strate readiness
  • The JSE is on track from a technical and functional perspective to deliver the T+3 programme within the May – July 2016 window

• CSDP readiness
  • Majority of the CSDP’s are on track from a technical and functional perspective to deliver the T+3 programme in May – July 2016 window

• Market Readiness:
  • Template to be sent out to all participants to confirm their readiness
  • Particular focus on margin and commits in a T+3 settlement cycle

• Corporate Action activity was considered looking at statistical information and trends on the possible volume of corporate actions over the proposed go-live time range

• JSE April Release – this release will be bedded down to ensure no integration conflicts
T+3 Update
Go-live month decision – key considerations (cont.)

• Global initiatives going live over the same period:
  • The CSDPs informed the JSE that the changes by Euroclear Settlement for Euronext-zone Securities has been delayed. The ECB (European Central Bank) has not set a definite date yet but talks are that it will be likely between April / May or early June 2016. This is a large development effort for most of the international custodians / brokers

• Futures close-out has been considered and a decision was made that there is risk involved in going live during this period
  • The risk is due to the large volumes typically experienced during close-out week and the increase in volumes due to the overlapping of T+5 and T+3 trades during the migration week on T+3

• BDA month-end, Calendar month-end and the Debt Instrument Solution (DIS) have all been taken into consideration

Taking all of the considerations into account, the JSE has incorporated an additional SIT cycle (SIT Cycle 6) to manage any possible risks and any unknown issues
T+3 Update
Go-live window announcement

• The *ready for go-live* date is **2 June 2016, however**, based on key considerations already covered

• A single weekend deployment is planned, and the go-live window for T3 is set for:

  **25 June** to **23 July 2016**

  T+3 Phase 3 potential go-live weekends:
  • 25 June
  • 09 July
  • 16 July

Final go-live date to be confirmed in Feb 2016
T+3 Update Timeline

**Phase 3**

- **2015**
  - **SYT (9 iterations)**: 10 Dec 2014 – 2 Sep 2015
  - **Regression Cycle**: 07/09 – 18/09
  - **SIT Environment prep**: 21/09 – 30/09
  - **SIT Cycles 1 to 6**: 01/10 – 26/03

- **2016**
  - **UAT Cycles 1 & 2**: 30/03 – 26/05
  - **Code Freeze**: 26/05 – 01/06
  - **GO-LIVE WINDOW**: (25-June to 23-July)

We are here
**T+3 Update**

Testing – market involvement

- **Timing of phases:**
  - **SIT – Cycle 3**
    - Scheduled to start end Nov 2015
    - CSDPs (Voluntary)
  - **SIT – Cycle 4**
    - Scheduled to start mid Jan 2015
    - CSDPs (Compulsory)
  - **SIT – Cycle 5**
    - Scheduled to start beginning Feb 2016
    - CSDPs (Compulsory) / Members (Voluntary)
  - **SIT – Cycle 6**
    - Scheduled to start beginning March 2016
    - CSDPs (Compulsory) / Members (Voluntary)
  - **UAT – Cycle 1**
    - Scheduled to start end March 2016
    - CSDPs & Members (Compulsory)
  - **UAT – Cycle 2**
    - Scheduled to start end Apr 2016
    - CSDPs & Members (Compulsory)

- **Required participation per phase:**
  - **Pre-SIT Activities**
    - Initial reference data set-up
    - Test pack review
  - **Per test cycle:**
    - Reference data review and health check (two days prior to test execution)
    - Test pack refinement
    - Test execution
    - Results audit (2 days post test execution)
    - Environment refresh (2 days prior to the next test phase)
**T+3 Update**

User Readiness – market engagement

- **Market Engagement:**
  - “Commits and Margin” workshop - Presentation in CT on 29 Oct
  - Administrator visits in CT – Maitland / Curo / State Street on 30 Oct
  - “Commits and Margin” workshop - Presentation in JHB on 11 Nov
  - SASLA SLB Workshop – Lending Desks and Agents - 18 Nov
  - London Roadshow – 23 Nov to 27 Nov:

<table>
<thead>
<tr>
<th>Day</th>
<th>Mon</th>
<th>Tues</th>
<th>Wed</th>
<th>Thurs</th>
<th>Fri</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>23/11</td>
<td>24/11</td>
<td>25/11</td>
<td>26/11</td>
<td>27/11</td>
</tr>
</tbody>
</table>
| Events | • Market Comms Session – **Issuers** (Grange St. Pauls)  
• Market Comms Session – **Investors** (Grange St. Pauls) | • NEMA Africa | • NEMA Africa  
• **Std Bank** Round Table Dinner | • **Std Bank London** – client discussion (Morning session)  
• **Citi Bank London** – client discussion (Afternoon session) | • **SocGen London** – client discussion (Morning session)  
• **RMB London** – client discussion (Afternoon session) |
T+3 Update
User Readiness – market education

• **Market Education:**
  • 3rd Mailer was distributed to the market – cover note for the second batch of educational documents distributed to the market:
    • SLB Overview
    • Fails Management Process
    • Migration Procedures (T5 transition to T3)
  • T3 Process review – review and revision of current “As-Is” Broker processes, with the aim of providing guiding “To-Be” processes (done in conjunction with a large local brokerage firm). Scope:
    • Controlled / Non-controlled / Prop Clients
    • Corporate Actions – Elective / Mandatory Events
    • Failed Trades Management – Rolling of Settlement and Failed Trades
T+3 Update
User Readiness – Training Plan

• Training Plan:
  • In order to prepare Brokers for their involvement in SIT / UAT, Phase 1 of training will be conducted in the last week of Jan / first week of Feb
  • The timing of Phase 2 (refresher training) will be dependent on the final go-live date
  • Proposed training design:

<table>
<thead>
<tr>
<th>Module 1</th>
<th>Training Topic:</th>
<th>Content to be covered:</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intro</td>
<td>Why are we doing this / Benefits / Known areas of Concern etc.</td>
<td>20 mins</td>
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<tr>
<td></td>
<td>T3 Timeline Overview</td>
<td>Overview of the new timeline / comparison to T5 timeline</td>
<td>20 mins</td>
</tr>
<tr>
<td></td>
<td>CA Timeline Overview</td>
<td>Overview of the new timelines for the different CA classes</td>
<td>20 mins</td>
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<tr>
<td></td>
<td>BDA Timelines Overview</td>
<td>Including treatment of JSE trustees etc.</td>
<td>20 mins</td>
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<tr>
<td></td>
<td>BDA</td>
<td>Explanation of how the calculation of SFA’s work</td>
<td>30 mins</td>
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<tr>
<td></td>
<td>Margins</td>
<td>Explanation of the timing of commits and impact on margin flows</td>
<td>10 mins</td>
</tr>
<tr>
<td></td>
<td>Automations in BDA</td>
<td>Prime Broking, Account Transfers, Entitlements (DL and Uploads), SLB uploads, SLB (automation of messages)</td>
<td>60 mins</td>
</tr>
</tbody>
</table>
## Module 2

<table>
<thead>
<tr>
<th>Training Topic</th>
<th>Content to be covered:</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fails Management</strong></td>
<td>Explain the causes of fails (all scenarios)</td>
<td>45 mins</td>
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<td></td>
<td>Explain the mitigations per scenario</td>
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<td></td>
<td>From a SA perspective- how to pick up problem instruments</td>
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<td></td>
<td>SLB (Settlement Authority Point of View)</td>
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<td></td>
<td>Terminating vs. Non-terminating transactions</td>
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<td></td>
<td>Rolling vs. re-transaction vs. compensation</td>
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<td></td>
<td>ECS / BDA Integration (ECS 34)</td>
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<td></td>
<td>New ECS screens around fails management and rolling of settlement</td>
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<td></td>
<td>Front end BDA – elections / Adjustment screens</td>
<td>10 mins</td>
</tr>
<tr>
<td><strong>BDA 10:</strong></td>
<td>- BDA Visio diagrams which explain calculation of terminating vs. non-terminating (and handouts )</td>
<td>30 mins</td>
</tr>
<tr>
<td></td>
<td>- ECS 31 and 32</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- BDA Visio diagrams which explain transactions (entries on BDA for fails management)</td>
<td></td>
</tr>
<tr>
<td><strong>Migration Schedule Overview</strong></td>
<td>- Overview of the migration week schedule (Week before and Week after)</td>
<td>15 mins</td>
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<tr>
<td></td>
<td>- Known areas of concern</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Mitigations to be put in place</td>
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</tr>
</tbody>
</table>
T+3 Update
User Readiness – market readiness

- A market readiness strategy has been defined and is being rolled-out with the market participants
- Key activities, affecting both CSDPs and members, have been identified and are in the process of being vetted by the market. These activities cover both technical and business readiness
- Based on these activities, a reporting framework will be initiated to properly gauge readiness in the lead-up to go-live. Below is an example of the activities to be tracked

### MEMBER READINESS

<table>
<thead>
<tr>
<th>Activity Category</th>
<th>Activity Type</th>
<th>Details</th>
<th>Essential (Y) or Nice to Have (N)</th>
<th>Detailed Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>Process Re-engineering for T+3 (Process definition and process roll out)</td>
<td>Prop</td>
<td>Y</td>
<td>Written confirmation by head of operations</td>
</tr>
<tr>
<td>Business</td>
<td>Process Re-engineering for Corporate Actions for T+3 (Process definition and process roll out)</td>
<td>Controlled</td>
<td>Y</td>
<td>Written confirmation by head of operations</td>
</tr>
<tr>
<td>Business</td>
<td>Process Re-engineering for Corporate Actions for T+3 (Process definition and process roll out)</td>
<td>Non controlled</td>
<td>Y</td>
<td>Written confirmation by head of operations</td>
</tr>
<tr>
<td>Business</td>
<td>Operating Hours Amendments</td>
<td>Updating of staff contracts (where applicable)</td>
<td>Y</td>
<td>Written confirmation by head of operations</td>
</tr>
<tr>
<td>Business</td>
<td>Go Live Issue List</td>
<td>Includes internal migration assumptions</td>
<td>Y</td>
<td>Provision of a list of internal (Broker) and external go-live concerns and mitigations</td>
</tr>
</tbody>
</table>
Broker Deal Accounting (BDA) Update

Chris Grove
BDA Initiatives

Current Planned Initiatives

2015

- T+3 Phase 3
- T+3 Account Transfers and Portfolio Moves

2016

- DIS - Strate
- ITaC – BDA Collateral Management

Projects

- FATCA Reporting
- FATCA Dissemination Changes
- BDA Dissemination – Exclude Zero GL Balances
- BDA Dissemination – Add Designation to CC 76
- SLB Upload (T+3)
- IT3(b) Reporting

BAU

- IT3(b) Reporting
- Source Code Management
- Disk Storage Replacement
BDA Initiatives

**Planned and Completed Initiatives**

**Projects**
- T+3 Phase 3 [Go-live]
- T+3 Account Transfers and Portfolio Moves [Go-live]
- DIS - Strate
- ITaC – BDA Collateral Management

**BAU**
- FATCA Reporting
- FATCA Dissemination Changes [Go-live]
- BDA Dissem – Exc Zero GL Balances
- BDA Dissemination – Add Designation to CC 76 [Go-live]
- SLB Upload (T+3) [Go-live]
- IT3(b) Reporting
- Source Code Management
- Disk Storage Replacement
BDA Initiatives

Current and Additional Planned Initiatives

2015

Projects

- T+3 Phase 3
- DIS - Strate
- ITaC – BDA Collateral Management

BAU

- BDA Dissemination – Add Designation to CC 76
- IT3(b) Reporting
- Auto and Bulk Force Free Functionality
- BEE Instrument Functionality
- SLB Message Automation
- Acc Trf and PFV Move Message Automation
- BDA Dissemination – Freed Indicator Added to CC99

2016

Projects

- Go-live

BAU

- BAU BDA Dissemination
- BDA Dissemination
Questions?

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

This presentation will be available post this session at the following link:-
https://www.jse.co.za/services/technologies/market-communication-presentations