Integrated Trading & Clearing (ITaC) Consultation

20 May 2014
Agenda

- Context and Overview
- Off Order Book (Off Screen) Trade Report Models
- Off Book Trade Reporting and routing of messages to cater for branch structures
- Single Message vs Dual Messages for the Order Management Gateways
- JSE involvement in Front Ends
- Questions
Context and Overview

Anthony Leibrandt
Design Principles and Approach

- ITaC: A multi-year programme to implement a new **Integrated Trading and Clearing** solution
- Vendor choices:
  - Millennium Exchange for our trading and information systems solution
  - Cinnobor for our clearing solution
- Leverage economies of scale (bearing in mind deployment risks) and use existing JSE systems where possible
**Design Principles and Approach**

- Cross market harmonisation where practical
- Use out-of-box functionality aligned to international standards where possible
- Separation into loosely coupled trading and clearing systems with separate APIs for each
- Certain non trading and non clearing functions to be moved to systems built for purpose i.e. Reference Data, Statistics, Billing
Off Order Book (Off Screen) Trade Report Models

Matthias Kempgen
Current reporting functionality

Currently the following reporting model variations exist:

- Model 1 - Alleg and auto accept (Member to client)
- Model 2 - Alleg and confirm (Member to member)
- Model 3 - Independent model (Two legs and auto match)
  - Model 3.1 - Variation of this model for the spot bond market
Model 1 - Allege and auto accept (Member to client)
Model 2 - Allege and confirm (Member to member)
Model 3 - Independent model (Two legs and auto match)
Model 3.1 – Model for the spot bond market
MIT supported models

- MIT supports the following reporting mechanisms:
  - Single Party Trade Reporting (matches current JSE model 1)
  - Dual Party Alleged Trade Reporting (matches current JSE model 2)

- JSE believes that the above two models cater for processes under existing models 3 and 3.1. Discuss alternate views.
Off Book Trade Reporting and routing of messages to cater for branch structures

Matthias Kempgen
Participant Structure with Branches

FIRM

INTERFACE USER

Information Subscriber

Information Subscriber 1

Information Subscriber 2

Information Subscriber 3

Information Subscriber 4

Information Subscriber 5

Branch 1

Br1_Trader 1

Br1_Trader 2

Br1_Trader 3

Br1_Trader 4

Br1_Trader 5

Branch 2

Br2_Trader 1

Br2_Trader 2

Br2_Trader 3

Br2_Trader 4

Br2_Trader 5

Branch 3

Br3_Trader 1

Br3_Trader 2

Br3_Trader 3

Br3_Trader 4

Br3_Trader 5

Traders will be assigned to all trader groups/ Nodes
Off Book Trade Reporting

- Branch message routing will be handled by the Independent Software Vendors (ISVs) or own software developed internally
- JSE will maintain the Branch / Trader Group Structure
- There will be an additional field for Trades sent via the Post Trade Report Gateway to identify the Branch for routing purposes where required
Single Message vs Dual Messages for the Order Management Gateways

Matthias Kempgen
Deploying the Solution

- Potential choices
- Is there a preference for how we deal with the order messages across Cash Equities and the markets we are planning to migrate to the new trading solution?
  - Single consolidated message that has the necessary fields to cater for all the JSE markets?
  - Separate messages for the separate markets?
JSE Involvement in Front ends

Graham Smale
To date the JSE has provided a front-end for trading and deal management
- It was absolutely necessary in the early stage of market development
- This will be discontinued under this project
- Establish a competitive environment in which Independent Software Vendors (ISVs), who specialise in this area, can participate
  - Allows experts to elect to deliver customised, superior and/or differentiated solutions

Increasing JSE concerns in the provision of front ends
- Liability risk
- Testing obligations

Highlights the importance of in-house development and ISV teams in making this project a success
- JSE is providing substantial lead time by informing the market of the JSE decision
Front End Discussion

- Development will need to be done to the Trading and Clearing API for Trading and Deal management Functionality
- Discuss buy-in and support from software developers (members and ISVs)
Questions?

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