Johannesburg Stock Exchange

ITaC Commissions Guidance Note
– Charging a Commission to the Counterparty on a Reported Trade

Document Information

Drafted By	JSE Post-trade Services
Status	Final
Version	V1.0
Release Date	25 September 2018

Revision History

Date	Version	Description
25 September 2018	1.0	Initial Release

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Purpose of guidance note:

To ensure an efficient, working commissions process it is necessary that the front end solutions used by different trading members are aligned in certain aspects, namely the population of the clientReference and commissionReference fields of the commission message (commissionReference will contain the reference to the deal associated with the commission). Adherence to these requirements will allow the counterparty to recognise and process the commission and allow Clearing Members to effectively process commissions at EOD.

JSE previously provided guidance on how the reference fields on commission entries must be populated in various scenarios. These requirements are available in [Volume PT02 – Post-Trade EMAPI Clearing](#) document.

The need to cater for an additional commission scenario has been brought to the attention of the JSE i.e. cater for charging a commission to the counterparty member (or branch) in a reported trade. There are certain business transactions which are affected through a reported trade (or Off Book trade) and in which a commission may be charged to the counterparty. Examples include:

a) A member brokers a deal between his own client and another member, charging commissions to both his own client and the other member
b) An inter-dealer broker executes on behalf of a member, charging the member a commission when he gives up the trade
c) A member's client executes through another member, the executing broker. When the executing broker gives up the trade to the client's member he charges a commission. This scenario has two variations:
   a. Member's client places order directly with another member
   b. Member outsources the execution of his client's order to an executing broker

   Note: The give-ups in scenarios (b) and (c) above should be achieved through the assign mechanism in deal management. However in the case where the executing broker executes through a negotiated trade and cannot wait for the counterparty to accept his leg of the trade, the executing broker can affect the give-up through a reported trade instead of an assign.

The purpose of this document is to specify how the two reference fields on the commission entry message must be populated in the case where a member charges a commission to the counterparty in a reported trade.

Client Reference
The ClientReference field of the commission message must be populated with the code of the counterparty Trading Member or Branch i.e. code provided in the counterparty codes file published on IDP e.g. PRSXXXTMT01, ABL2.

Commission Reference
The CommissionReference field of the commission message must be populated with the unique identifier of the matched trade that is common to both the buy and sell legs of the trade. This unique identifier is available and can be taken from either:

a) **System/API:** Trading System

Message:	Trade Capture Report (AE) message i.e. Trade Capture Report for the confirmation of the acceptance of the Trade
Field:	TradeID (Tag 1003)

b)
System/API:	Real-time Clearing System (RTC)
Message:	AccountPositionEvent (10032) message, Trade (10015) sub message, RTCTradeExternalData (10085) sub-message
Field:	TradingSystemMatchID (Field 10)

Example:

This example uses fields off the RTC deal message to populate the commission reference fields. As stated above one can also use fields off the Trade Capture Report message.

Buy Leg			
Position Reason **APE – Field 69**	**RTC assigned identifier** **"TradeID" –APE - Trade submessage-field 1**	**TM/Branch** **APE – Field 82 or 83**	**TradingSystemMatchID** **RTCTradeExternalData – Field 10**
Trade	4530689	CRCXXXTMT01	M8zplwlre6

Sell Leg			
Position Reason **APE – Field 69**	**RTC assigned identifier** **"TradeID" –APE - Trade submessage-field 1**	**TM/Branch** **APE – Field 82 or 83**	**TradingSystemMatchID** **RTCTradeExternalData – Field 10**
Trade	4530702	ABMXXXTMT01	M8zplwlre6

AddCommissionReq (assuming Member on buy side is charging commission to Member on sell side)

Field	Value
InitiatingTM	CRCXXXTMT01
destinationTM	ABMXXXTMT01
clientReference	ABMXXXTMT01
commissionReference	M8zplwlre6