Integrated Trading & Clearing (ITaC) Working Group

13 September 2017

Agenda

Project 1b (Equity Derivatives Market) & ITaC Project 1c (Currency Derivatives Market)

- ITaC status update
- Proposed JSE cost assistance
- JSE service fees clarification
- ITaC project timeline & key dates
- ITaC changes to JSE Rules and Directives
- Market facing dress rehearsals for October and November 2017
- JSE Services Agreement (JSA)
- Planned detailed workshops
- Questions

- Additional pack information included
  - Annexure A – ITaC Instrument Type Changes
  - Annexure B – Dress Rehearsals – Trading
  - Annexure C – Dress Rehearsals – Post-trade

ITaC Status Update

Leanne Parsons

ITaC Status Update

Overall project status

- JSE activities and milestones currently on track

- JSE Consolidated Testing progressing well and will complete as scheduled

- Voluntary Clearing Member Testing (VCMT) kicked off as planned in August and 2 software providers who have developed clearing solutions joined the testing in September

- First internal dress rehearsal held on weekend of 2 Sept 2017 was successful and in some instances exceeded expectations with only minor issues being identified

- Market configuration of Equity Derivatives and Currency Derivatives markets in the trading production environment successfully completed - currently running daily (gateways up and heart beats being published)

- Most software providers (who will be providing solutions for ITaC) have completed conformance

- Client readiness remains a concern and regular engagements with clients are in progress to ensure readiness for market facing dress rehearsals and Mandatory Clearing Member Testing (MCMT) in November

- Meetings with senior client executives of clearing members also held and good support to ensure the project is successfully implemented as soon as possible without introducing systemic risk

- JSE working closely with clearing solution software provider to ensure delivery timelines to clients will be met and any risks are being dealt with

JSE Cost Assistance

Leanne Parsons

JSE Cost Assistance

- At this stage, the JSE is not able to offer a front end that works from a commercial, risk and legal perspective and therefore the JSE's original determination of not providing a front-end (first communicated in March 2015 and regularly thereafter) to the market remains

- However, we do understand the front end cost concern raised by clients so the JSE will be:

  - providing support to members in the form of a monthly credit to members for a period of time. The amount will be based on a % of Transaction Fees currently paid to the JSE (subject to a max % of Fees);

  - waiving connectivity fees for the Equity Derivatives and Currency Derivatives Markets for a period of one year post ITaC go-live;

  - waiving Customer Test Service (CTS) fees for duration of the ITaC implementation period up to ITaC go-live;

  - we also encourage clients to engage with software providers to drive down their proposed fees

JSE Service Fees Clarification

Leanne Parsons

JSE Services Fees Clarification

- **Transaction (Booking) Fees**
  - Not changing as a result of ITaC
- **Connectivity Fees**
  - Introduction of a standard connectivity fee for min set of CompIDs to trading system
  - Fee has been set at R1000 per month
- **Testing Services**
  - Typically only used by software providers or own solution developers and not members
  - Testing services for ITaC will remain free until ITaC go-live
  - Post Go-Live:
    - Fees for test services for trading and clearing members will be included in the applicable system's service and/or transactional fees
    - Fees for test services will be applicable for all other clients
- **JSE Risk Management Fee**
  - Currently charged as a haircut on margin
  - JSE will not be charging differently for cash or securities collateral
  - JSE aiming to consolidate and use a single rate across all markets and will be communicated by no later than 3 Oct 2017

Standard Public Market Data Use policy and Data Fee principles

JSE

All JSE data fees are currently under review through the JSE governance channels and pricing decisions will be communicated as per standard JSE JDA and IDA notice periods by no later than 1 October 2017

> *Public Market Data is defined as market data (reference, pricing and trade related data) that is distributed to the broader market and not confidential to a specific party*

1. The access and use of all **Public Market Data** is charged for unless there is an exception e.g. FSB for regulatory purposes. In cases where non-chargeable usage is involved, JSE prefers, for flexibility, to set the non-charge boundaries by the usage of the data and not the type of party involved.

2. In terms of data fees, the JSE typically charges **licence fees for the internal use or external distribution** of market data, regardless of the type of party.

3. For some data products, the JSE also levies **End User fees.** The type of End User fees will be dictated by the type or data and data product and **Non-Display** usage of the data also incurs data fees which are separate.

4. In terms of **Delayed data**, even though the JSE does not provide delayed data, the JSE does charge a distribution licence fee but no End User Fees.

5. Where appropriate (mostly in the non-Live space), the JSE also charges a **Data Product fee**, which is over and above the data licence fee.

> All data subscriptions are governed by a data agreement that need to be signed by any party receiving JSE data. (regardless of the party, whether charged or not as the agreement stipulates the data use rights and user obligations)

9

ITaC **INTEGRATE ACCELERATE GROW**

ITaC Project Timeline and Key Dates

Leanne Parsons

ITaC Timeline Finalisation

- JSE has communicated that Q1 2018 is still targeted for go live

- Strate DIS Project will Go-Live Tuesday, 26 September 2017 (subject to their project quality control criteria being met)

- Bond ETP Project will be ready for Go-Live in Q1 2018 (subject to their project quality control criteria being met and the successful implementation of Strate DIS Project). Bond ETP Go-Live will take ITaC go-live into consideration as JSE priority is ITaC go-live

- JSE considered feedback from clearing member clients who requested additional time for Voluntary Clearing Member Testing (VCMT) and changed timings for Mandatory Clearing Member Testing (MCMT) as a result of clearing member solution software delivery dates. The JSE is proposing:

  - Completion of all JSE internal project activities as per project plan in 2017

  - Extension of VCMT to conclude 3 Nov 2017

  - Keeping published dress rehearsal dates

  - Changing MCMT to be in 2 phases with:

    - Phase 1: 13 Nov 2017 to 15 Dec 2017
    - Phase 2: 8 Jan 2018 to 9 Feb 2018

  - Targeting a Go-Live of 19 Feb 2018 (MDR on 17 Feb 2018) with 26 Mar 2018 (MDR on 24 Mar 2018) as a contingency

  - All dates will be subject to passing of relevant quality control criteria

    e.g. JSE testing pass rates, conformance, clearing member sign off, successful market dress rehearsals, position take-on confirmation, etc

ITaC Project Timeline
High Level Key Dates

Voluntary Client Testing

- **Customer Test Services (CTS)** are currently available to clients for testing and proving their trading, market data and post-trade service interfaces
    - JSE strongly recommends clients start testing chosen front-end solution in CTS - engage with your software providers

- **Voluntary Clearing Member Testing (VCMT) (TB50)**
    - Currently 2 software providers are enabled and connected to VCMT – listening passively to data being generated
    - 28 Jul – 3 Nov 2017: execution of voluntary clearing member testing
    - Document published - Volume PT203 - Guide to Voluntary Clearing Member Testing (VCMT)

ITaC Project Timeline
High Level Key Dates

> **Mandatory Client Testing**

- **Mandatory Clearing Member UAT (scripted) (TB50)**
    - Documents published
        - Volume PT204 - Guide to Mandatory Clearing Member Testing (MCMT)
        - Volume PT204a - Test scenarios for MCMT

    - Sept/Oct 2017: define and agree the scripted test scenarios and conditions with Clearing Members
    - Client enablement and Technical Readiness Tests (TRT) to TB50 currently in progress and ongoing till start of MCMT
    - 23 Oct – 3 Nov 2017: final prep activities for reference data and environment setup
    - Proposed execution of Mandatory Clearing Member Testing (scripted)
        - Phase 1:   13 Nov 2017 - 15 Dec 2017
        - Phase 2:   8 Jan 2018 - 9 Feb 2018

ITaC INTEGRATE ACCELERATE GROW

ITaC Project Timeline
High Level Key Dates

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Mandatory Client Testing

- **Mandatory** SW Provider Dress Rehearsals (Prod and pre-Prod)
  - Mandatory testing for all software providers and own solution developers that connect directly to the JSE
  - JSE *strongly* recommends **all client sites** are tested during one or both of these dress rehearsals so that by mandatory market facing dress rehearsals in November all client sites have been proven at least once
  - These dress rehearsals will be conducted in the JSE production environment and should also be from client production/disaster recovery environments

  - 22 Sept 2017: conformance cut-off date
  - Standard enablement SLA applies (7 business days)

  - 7 Oct 2017 Dress Rehearsal
    - 21 Sept 2017: cut-off date for all enablement requests
    - 28 Sept 2017: last LCON date
    - Production data as at 1 week prior to the dress rehearsal date will be used

  - 21 Oct 2017 Dress Rehearsal
    - 12 Oct 2017: cut-off date for all enablement requests
    - 19 Oct 2017: last LCON date
    - Production data as at 1 week prior to the dress rehearsal date will be used

ITaC INTEGRATE ACCELERATE GROW

ITaC Project Timeline
High Level Key Dates

Mandatory Client Testing

- **Mandatory Market Facing Dress Rehearsals (MMDR) (Prod and pre-Prod)**
  - Mandatory testing for all Trading and Clearing Members and Live Market Data subscribers
  - These dress rehearsals will be conducted in the JSE production environment and should also be from client production/disaster recovery environments

  - 27 Oct 2017: re-conformance cut-off date (if issues identified during 7 or 21 Oct Software Provider dress rehearsals)

  - 11 Nov 2017 Dress Rehearsal
    - 26 Oct 2017: cut-off date for all enablement **amendments** coming out of the 7 or 21 Oct dress rehearsals
    - 2 Nov 2017: last LCON date for amended enablements

  - 11 Nov & 25 Nov 2017: execution of Mandatory Market facing Dress Rehearsals (MMDR)

ITaC Project Timeline
High Level Key Dates

Final **Mandatory** Go Live Client Testing

- Proposed Final cut-over and Go-live:
  - Target a **Go-Live** of **Mon 19 Feb 2018**
    - Sat 17 Feb 2018: **Mandatory** Market Facing Dress Rehearsal (MMDR) and cut-over activities

  - Contingency Go-live date of **26 Mar 2018**
    - Sat 24 Mar 2018: **Mandatory** Market Facing Dress Rehearsal (MMDR) and cut-over activities

  - Thurs 1 Feb 2018 **-** Final enablement amendment requests received
  - Thurs 8 Feb 2018 **-** Final Live Connectivity (LCON) tests conducted

- Final go-live readiness as well as the go/no go decision criteria will be communicated in due course
- Any feedback on the proposed dates should be submitted as soon as possible to the JSE on ITaC@jse.co.za

ITaC INTEGRATE ACCELERATE GROW

Market Facing Dress Rehearsal Summary

Date	Description	Objective	Participation	Schedule
7 Oct 2017 21 Oct 2017	Software Provider Dress Rehearsal	Prove technical deployment activities and basic functional tests to test a **selected set** of their clients site setups	**Mandatory** for all trading, market data and clearing solution Software providers, own solution developers and SIPs	08h00 – 14h00
11 Nov 2017 25 Nov 2017	Mandatory Market Facing Dress rehearsal	Prove technical enablements and connectivity and conduct full functional testing	**Mandatory** for all member and live market data subscribers	08h00 – 14h00
17 Feb 2018 and contingency 24 Mar 2018	Proposed FINAL Mandatory Market Facing Dress rehearsal	Prove final cut-over deployment activities and technical connectivity tests (some functional testing may be required)	**Mandatory** for all members and live market data subscribers	08h00 – 14h00

ITaC changes to JSE Rules and Directives

Paul Hartzenberg

What the rules and directive changes cover

Amendments to existing provisions in the IRC and Derivatives rules and directives books in respect of:

TRADING

- New trade types – many of which already exist in the cash equities market and must now be included for all markets
- Alignment of existing rules across the rule books, such as late trades, cancellations, reported transactions etc.

CLEARING

- Collateral – acceptance of securities and foreign currency
- Default management – JSE process and reliance on legislative changes

Remain cognisant of the nuances and differences of approach in the various markets

Rules and Directives Timeline

Task Name	Duration	Start	Finish
Collateral Management Rules and Directives changes	**81 days**	**Thu 17/08/17**	**Fri 08/12/17**
Include rules in Board Pack	0 days	Fri 29/09/17	Fri 29/09/17
JSE Clear Risk Committee approval	0 days	Mon 02/10/17	Mon 02/10/17
JSE Clear Board approval	0 days	Tue 03/10/17	Tue 03/10/17
Formal consultation with market	10 days	Wed 11/10/17	Tue 24/10/17
Informal submission to FSB	10 days	Wed 11/10/17	Tue 24/10/17
Submit to Registrar	0 days	Tue 24/10/17	Tue 24/10/17
Submit to Government printers for publication	8 days	Wed 25/10/17	Fri 03/11/17
Publication in Gazette and public consultation period	2 wks	Mon 06/11/17	Fri 17/11/17
Consideration and approval by the Registrar	2 wks	Mon 20/11/17	Fri 01/12/17
Publication in Gazette with effective date of rule changes	1 wk	Mon 04/12/17	Fri 08/12/17

Market Facing Dress Rehearsals for October and November 2017

Leanne Parsons

Trading and Information Dress Rehearsal Schedule

| Dress Rehearsal Times | | Functional Testing to commence |
Start	End	
04:15	14:00	Trading and Market Data systems start/end - heart beats start flowing
06:30	07:00	Start of day reference data published
08:00	12:00	Off Book Trade Reporting period start – All Markets
08:00	12:00	- *Cash Bonds*
08:00	12:00	- Currency Derivatives (FXD)
08:00	12:00	- *Interest Rate Derivatives*
08:00	12:00	- Equity Market (EQM)
08:00	12:00	- Equity Derivatives (EDM)
08:00	12:00	- *Commodity Derivatives (CDM)*
08:20	08:30	EDM - Open Auction
08:30	12:00	*Continuous Trading: Cash Bonds & IR Derivatives (IRD)*
08:30	08:40	*Commodity Derivatives: Pre-open*
08:30	08:40	EQM for JSE & NSX : Open Auction (All segments)
08:40	11:40	EQM for JSE & NSX : Continuous trading
08:30	12:00	EDM - Continuous trading
08:30	12:00	FXD: Continuous trading
08:40	12:00	*Commodity Derivatives: Continuous Trading*
11:40	11:45	EQM - Closing Auction
11:45	12:00	EQM – CPP → CPX → EOD Volume Auction (5min each)
12:00	14:00	Admin Period for All Markets

- A detailed checklist will be available in due course
- A volume test period will be allocated during the continuous trading periods

Post-trade Dress Rehearsal Schedule

Dress Rehearsal Times		
Start	**End**	**Functional Testing to commence**
05:00	14:00	Post-trade Real Time Clearing (RTC) system start - Open state: Reference data subscriptions, position management, member client maintenance
08:00	12:00	Equity Derivatives (EDM) and Currency Derivatives (FXD) Markets - Off Book Trade Reports start feeding into RTC for all ITaC markets
08:30	12:00	EDM – On Book Trades feed through to RTC (starting after auction period), deal management, commissions, intraday price updates and risk monitoring
08:30	12:00	FXD – On Book Trades feed through to RTC, deal management, commissions, intraday price updates and risk monitoring
08:30	12:00	*CDM, Cash Bonds & IRD – Deal & Position Management*
12:00	12:15	EDM – EOD Deal & Position Management period
12:00	12:15	FXD – EOD Deal & Position Management period
12:00	12:15	*CDM, Cash Bonds & IRD – EOD Deal & Position Management period*
12:15	14:00	EDM & FXD - JSE End of Day batch processing commences
12:15	14:00	*CDM, Cash Bonds & IRD - Clearing EOD process* *(net payments from legacy systems will be fed into new ITaC systems)*

- A detailed checklist will be available in due course
- A volume test period will be allocated during the continuous trading period which will also feed trades into the Clearing Solution
- Balancing and EOD process for Dress Rehearsals will be agreed with Clearing Members at Clearing Member Working Group session to be held on 22 Sep 2017

Client Reference Data for Dress Rehearsals

- New ITaC production data will be used for all dress rehearsals

- Firms are set up in a hierarchical fashion in the JSE Trading System. This structure is defined as follows:
  - Firm level - denoted by the members **Production Identifier Code** (PIC) ;
  - Trader Group level - configured to meet a Firm's specific trading configuration; each firm is allocated a CompID Group and one or more Trader Groups, as per the Firm's requirements.
  - User level - Trader IDs and CompIDs (interface user to connect to the gateways)
- New trading and clearing members **Production Identifier Code** (PIC) will be 11 alpha-numeric characters for the Derivatives market. The Production Identifier Code is also known as the Business Identifier Code (BIC) for the Equities Market. The code is used to identify the participant on the Production System and the Test System. The code is formatted as follows: ABCXXXCC001
  - First 3 characters (ABC) – this refers to the Trading member or Clearing member **3 character standardized alpha code (A-Z caps only)**
  - Next 3 characters (XXX) – default characters of XXX
  - Next 2 characters (CC) – this refers to **TM** for trading member or **CM** for clearing member
  - Last 3 characters (001) – system generated 3 digit number, incremented if there is another PIC with the same prefix
- Trader IDs assigned to all registered Traders
  - New Trader ID standard is **5 numeric digits (0-9)**
  - Traders registered in the Equity Derivatives and Currency Derivatives Markets will have one common unique numeric Trader ID for ITaC
  - Trader audit currently underway
    - Compliance Officers have been engaged to assist with the review of all existing Trader information
    - Confirmation of Trader ID info required for ITaC to be concluded as soon as possible to enable traders prior to Dress Rehearsals
    - Final trader IDs for each dress rehearsal will be provided 1 week prior to the dress rehearsal as part of production data

Client Reference Data

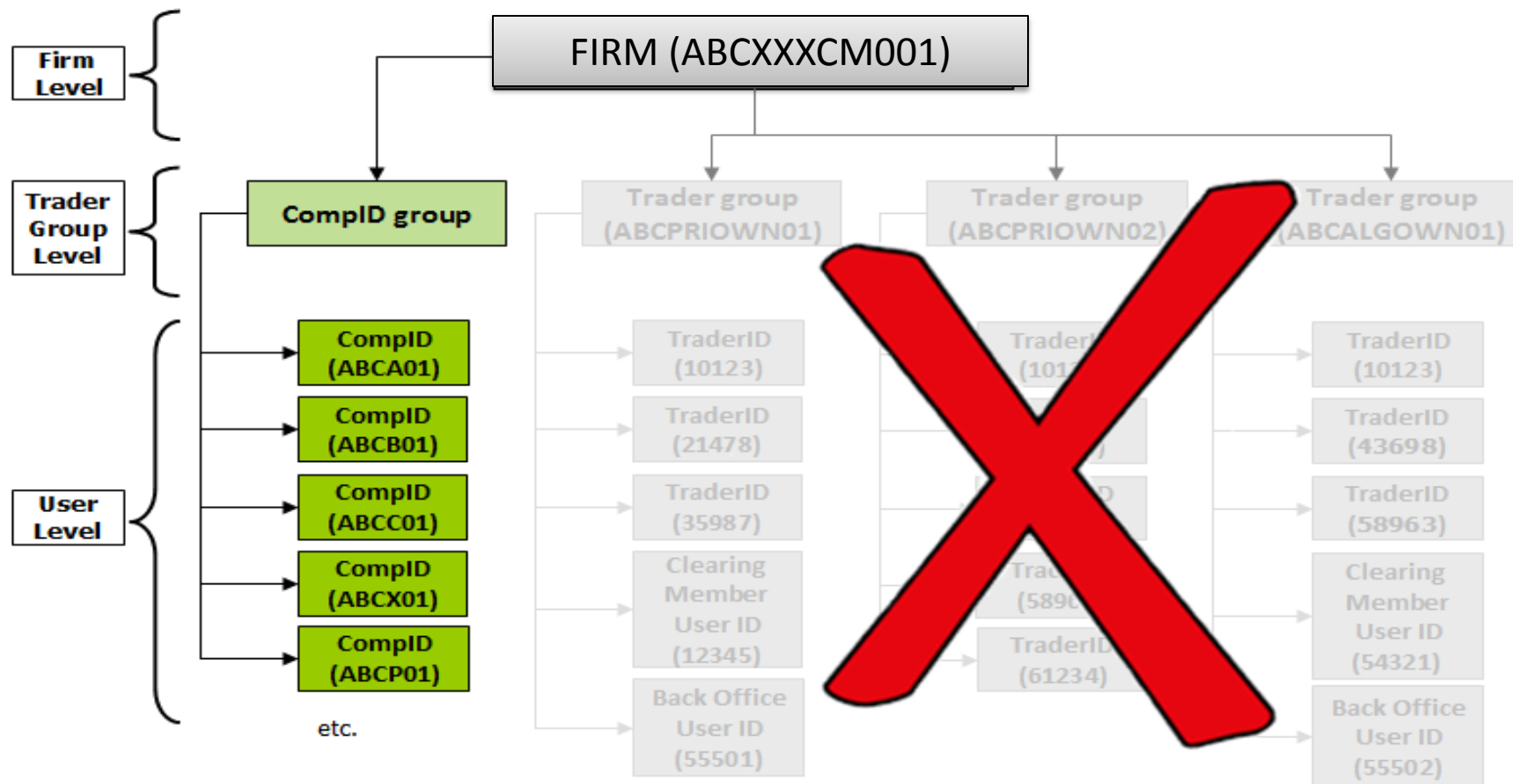## Trading Member setup in the Trading system
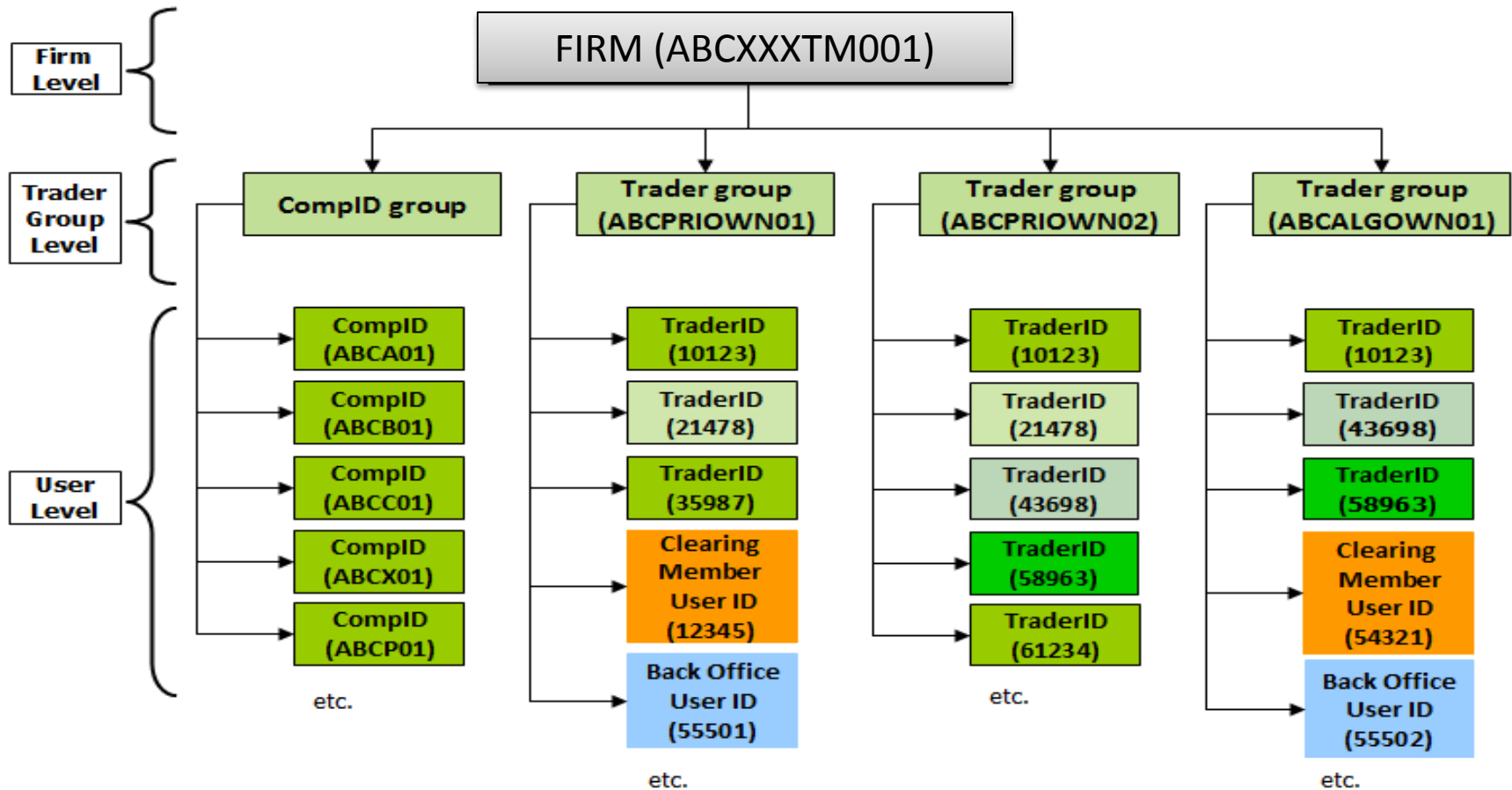
Client Reference Data

Clearing Member setup in the Trading system

Since a Clearing Member does not directly perform trading functionality within their Firm, <u>no Trader Groups are set up</u>, and as such, <u>no Trader IDs are created</u>

Instrument Reference Data

- All existing production derivative instrument types and new instrument types as per the new reference data standards and will be tested during dress rehearsals

- The following new instrument types will be included

  - Single Stock Dividend Neutral Anyday Future

  - International Equity: Anyday Future; Dividend Neutral Future; Dividend Neutral Inverse Calendar Spread; Dividend Neutral Anyday Future; Quanto Dividend Neutral Future

  - International Index: Anyday Futures & Options; Quanto Futures & Options

  - Forex Index: Future; Inverse Calendar Spread

  - Quanto Forex Anyday Futures & Options

- Annexure A at the end of this presentation contains a full list of new and existing instrument types

- For more details, please refer to ITaC Instrument Reference Data Quick Reference Guide

- A mapping between the old and new Contract codes will be provided prior to the dress rehearsals

Instrument Master ID	Nutron Code	ITaC Instrument Name	ITaC Contract Code	ISIN	ITaC Instrument Type
1000666	IMPS	IMP Single Stock Cash Base 100	21SEP17 IMP CSH	ZAD000000016	Single Stock Future
1000667	IMPS	IMP Single Stock Cash Base 100	21DEC17 IMP CSH	ZAD000000024	Single Stock Future
1000671	IMPS	IMP Single Stock Cash Base 100	21SEP17 IMP CSH 54.6P	ZADA00000018	Single Stock Option
1000672	IMPS	IMP Single Stock Cash Base 100	21SEP17 IMP CSH 54.6C	ZADA00000026	Single Stock Option
1000681	IMPS	IMP Single Stock Cash Base 100	21SEP17/21DEC17 IMP CSH	ZAD000000065	Inverse Calendar Spread

Support during Dress Rehearsals

- Standard production support model will be followed during dress rehearsals – the Client Service Centre (CSC) is the first point of call and can be contacted on:
  - CustomerSupport@jse.co.za or
  - +27 11 520 7777

- Dress rehearsal status updates will be reported via a webpage to clients – the webpage link will be circulated to clients to monitor status closer to the dress rehearsals
- JSE production IP Address information was circulated to all clients at the end of August
- Clients are already able to raise change requests in their own governance structures and proceed with required network changes and setup of their environments
- Clients to submit their enablement order forms to JSE CSC asap
- JSE will review and generate a CEIF (Client Enablement Information Form) and return this to clients
  - CEIF contains all CompID and IP Addresses information per client
  - Each client will receive 3 IP Addresses primary, secondary and tertiary
  - These are the only IPs a client will be able to access in Production and Dress Rehearsals
  - Then conduct LCON test

JSE Services Agreement (JSA)

Leanne Parsons

JSE Services Agreement (JSA)

- JSE Services agreement (JSA) and underlying order forms for the various services were issued to all clients during July/August 2017

- JSA for clearing members must be signed prior to start of MCMT – technical enablements being done in parallel

- JSA's for all other clients must be signed prior to ITaC go live – technical enablements being done in parallel

- JSA will be beneficial to both parties, as it ensures that:

  - Liability is clearly defined – misconception that JSA is introducing liability

  - Terms and conditions of services are transparent and consistent for all clients

  - The obligations of each party are clearly defined

  - Expectations around the services are clearly set out (by way of service levels and, where applicable, service credits) which will enable your organisation to manage risk and expectations within your organisation and for your clients

  - Complying with good governance principles

- Any queries to be sent to JSA@jse.co.za

- A JSA workshop will be held on 2 October 2017 – details will be circulated via Service Hotline soon

Planned Detailed Workshops

Leanne Parsons

Workshops scheduled for 2017

- 2 Oct 2017 - JSA workshop to assist with understanding the agreement and to address any outstanding queries

- Workshops scheduled for October/November 2017 - dates will be communicated via Service Hotline once confirmed:
  - Clearing Member Working Group – 22 Sept 2017 @ 10h00
  - Daily Life Cycle – Trading through to Post-trade (Oct 2017)
  - Commissions Process (Oct 2017)
  - Changes to Clearing Member agreements with JSE/JSE Clear (Nov 2017)

- Conceptual training scheduled for October/November 2017 - dates will be communicated via Service Hotline once confirmed:
  - New derivatives trading model and market configuration
  - New post-trade deal management, commissions and securities collateral and clearing operations/process

Questions?

JSΞ

Please refer all queries to the
JSE Client Services Centre (CSC)

CustomerSupport@jse.co.za

+27 11 520 7777

ITaC INTEGRATE
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Annexure A
ITaC Instrument Type Changes

Nuclears Instrument type	ITaC Instrument Type
Equity Derivative Instruments	
Single Stock	
Future on Instrument Type Code=SSF	Single Stock Future
Option on Instrument Type Code=SSF	Single Stock Option
Calendar Spread on Instrument Type Code=SSF	Single Stock Inverse Calendar Spread
Delta Option on Instrument Type Code=SSF	Single Stock Delta Option
Future on Instrument Type Code=Divneut	Single Stock Dividend Neutral Future
Future on Instrument Type Code=DIVF	
Calendar Spread on Instrument Type Code=Divneut	Single Stock Dividend Neutral Inverse Calendar Spread
Calendar Spread on Instrument Type Code=DIVF	
Future on Instrument Type Code=CANDO	Single Stock Anyday Future
Option on Instrument Type Code=CANDO	Single Stock Anyday Option
Delta Option on Instrument Type Code=CANDO	Single Stock Anyday Delta Option
Not existing in Nuclears	Single Stock Dividend Neutral Anyday Future

Annexure A
ITaC Instrument Type Changes

Index	
Future on Instrument Type Code=INDEX	Index Future
Option on Instrument Type Code=INDEX	Index Option
Calendar Spread on Instrument Type Code=INDEX	Index Inverse Calendar Spread
Delta Option on Instrument Type Code=INDEX	Index Delta Option
Future on Instrument Type Code=CANDO	Index Anyday Future
Option on Instrument Type Code=CANDO	Index Anyday Option
Delta Option on Instrument Type Code=CANDO	Index Anyday Delta Option
International Equity	
Future on Instrument Type Code=IDXFUT	International Equity Future
Calendar Spread on Instrument Type Code=IDXFUT	International Equity Inverse Calendar Spread
Not Existing	International Equity Anyday Future
Not Existing	International Equity Dividend Neutral Future
Not Existing	International Equity Dividend Neutral Inverse Calendar Spread
Not Existing	International Equity Dividend Neutral Anyday Future
Future on Instrument Type Code=CANDO	International Equity Quanto Future
Option on Instrument Type Code=CANDO	International Equity Quanto Option
Delta Option on Instrument Type Code=CANDO	International Equity Quanto Delta Option
Not Existing	International Equity Quanto Dividend Neutral Future

International Index	
Future on Instrument Type Code=CANDO	International Index Future
Option on Instrument Type Code=CANDO	International Index Option
Calendar Spread on Instrument Type Code=CANDO	International Index Inverse Calendar Spread
Delta Option on Instrument Type Code=CANDO	International Index Delta Option
Not Existing	International Index Anyday Future
Not Existing	International Index Anyday Option
Not Existing	International Index Anyday Delta Option
Not Existing	International Index Quanto Future
Not Existing	International Index Quanto Option
Not Existing	International Index Quanto Delta Option
CFD	
Future on Instrument Type Code=ECFD	CFD
Structure Products	
Future on Instrument Type Code=CANDO	Basket Future
Option on Instrument Type Code=CANDO	Option on Basket Future
Future on Instrument Type Code=CANDO	Exotic Future
Option on Instrument Type Code=CANDO	Exotic Option

Annexure A
ITaC Instrument Type Changes

Currency Derivative Instruments	
Forex	
Future on Instrument Type Code=FOREX	Forex Future
Option on Instrument Type Code=FOREX	Forex Option
Calendar Spread on Instrument Type Code=FOREX	Forex Inverse Calendar Spread
Delta Option on Instrument Type Code=FOREX	Forex Delta Option
Future on Instrument Type Code=ANYDAY	Forex Anyday Future
Option on Instrument Type Code=ANYDAY	Forex Anyday Option
Delta Option on Instrument Type Code=ANYDAY	Forex Anyday Delta Option
Forex Index	
Not existing	Forex Index Future
Not existing	Forex Index Inverse Calendar Spread
Quanto	
Future on Instrument Type Code=FOREX	Quanto Forex Future
Option on Instrument Type Code=FOREX	Quanto Forex Option
Calendar Spread on Instrument Type Code=FOREX	Quanto Forex Inverse Calendar Spread
Not existing	Quanto Forex Anyday Future
Not existing	Quanto Forex Anyday Option

Annexure A
ITaC Instrument Type Changes

Inverted Currency	
Future on Instrument Type Code=FOREX	Inverted Currency Future
Option on Instrument Type Code=FOREX	Inverted Currency Option
Calendar Spread on Instrument Type Code=FOREX	Inverted Currency Inverse Calendar Spread
Delta Option on Instrument Type Code=FOREX	Inverted Currency Delta Option
FwdFwdFX	
Future on Instrument Type Code=FWDFWD	FWDFWDFX Future
Structure Products	
Future on Instrument Type Code=CANDO	Exotic Option

Annexure B
Dress Rehearsals – Trading

To allow trading and clearing members, market data clients and any other clients of the JSE to simulate an operational day on new the ITAC production trading system

- This is achieved by ensuring all <u>technical</u> activities are completed and enabled and all <u>functionality</u> exists on the system including, but not limited to:

    - Proving successful routing connectivity into the JSE ITAC Trading infrastructure including all TCP connections and UDP subscriptions.

        JSE production IP Address information circulated to all clients at end of August (trading members, software providers and Shared Infrastructure Providers (SIPs)) to assist clients with early change management implementation

    - Proving successful connectivity and login to the JSE production environment and all trading and market data gateways both TCP and multicast (UDP) including from JSE Client Access Network and JSE Colocation:
        - Native Trading Gateway
        - Drop Copy Gateway
        - Post Trade Gateway
        - Market Data Gateways (Level 1 and Level 2)

        Standard LCON process applies. Enablement order forms must be submitted by each trading member to ensure CompID details can be setup

- Proving successful creation of member firms and all associated enablements:
  - TraderGroups are created successfully on the system and used by trading firms, this will include the public-facing trader group
  - CompIDs are enabled and logged in across <u>all gateways</u> and a 'on-behalf-of' CompID has been provided to the clearing member by each trading member
  - TraderIDs are enabled and exist for all confirmed traders/dealers

- Proving readiness to JSE systems from client's perspective:
  - Client frontend integration to the new Trading system and amended production system for non-ITaC derivatives markets
  - Frontends that are exclusively used internally by all clients that have undergone changes
  - Integration of all client systems downstream due to ITAC implementation
  - Communication or system changes to the clearing member and how processes may have changed

- Proving Reference Data consumption and usage by all participants
  - Connectivity to the JSE IDP site for reference data files
  - User-created instruments
    - Create an option on an Anyday Future that has been created by the firm already as per instructions to be provided by the JSE
    - Create a DELTA option
  - Auto-creation of strikes limited to ALSI, DTOP, USDZAR

- Proving Order and Quote submission and flow
  - Implied Across orders are only enabled for
    - ALSI, DTOP, USDZAR
  - Submit at least one order in the market the client is a member of
  - Cancel an order and amend an order
  - Ensure quotes are submitted if clients are market makers
  - *Optional: submit an order type using each TIF, not only DAY e.g. GTC, GTD, etc*

- Proving an On Book trade match
- Proving an On Book trade on a strategy instrument for a
  - Delta Option and
  - Inverse Calendar Spread
- Proving Off Book Trades – all 5 types (CFD Trade, Roll Trade, Strategy Trade, Negotiated Trade, Price Adjust)
  - Should submit at least one dual- and one single-sided Off Book Trade Report per trade type
- Proving On-behalf of Trading
  - Clearing members to submit at least one Off Book Trade Report on behalf of a trading member
- Proving On Book/Off Book Trade Cancellations
  - Clearing members to cancel one On Book Trade and one Off Book trade on behalf of one of their trading members
- Proving existing production for CMD; Cash Bonds & IRD

Annexure B
Dress Rehearsals – Trading Success Criteria

- Principle is to allow all clients to test all of their systems and interactions to the JSE and also allow them to perform a production-like trading day
- JSE will check that clients have performed the minimum requirements, but will not expect a checklist to be submitted as proof of their testing
- No pass/fail reports will be issued by the JSE
- Clients to conduct sufficient testing and full functional highly recommended
- JSE will require signoff from the Responsible Officer to confirm their success in a dress rehearsal – a template will be provided
  - Technical capability successful
  - Tested minimum functionality and was successful
  - Enablements successful
  - Reference Data correct
  - Trader Groups and Trader IDs correct
  - Confirmation to proceed to next phase

Annexure C
Dress Rehearsals – Post-trade

To allow trading and clearing members, market data clients and any other clients of the JSE to simulate an operational day on new the ITAC production Post-Trade Solution

Overview

- This is achieved by ensuring all technical activities are completed and enabled and all functionality exists on the system including, but not limited to:

  - Proving successful routing connectivity and authentication into the JSE ITaC Post-trade solution including all TCP connections

  - JSE production IP Address information will be circulated to all clients

  - Enablement order forms must be submitted by each trading and clearing member and market data client to ensure User ID details can be setup

Annexure C
Dress Rehearsals – Post-trade

- Proving readiness to JSE systems from a client's perspective:
  - Client frontend integration to the JSE ITaC Post-trade Solution
  - Integration of all client systems downstream due to ITaC implementation
  - Proving of successful login to the JSE's Post-trade Solution and testing of all subscription mechanisms as well as consumption of reference and transactional data
  - Proving existing production for CMD; Cash Bonds & IRD

Take on of reference and transactional type data ahead of DR

- The JSE will take on the following client reference data:
    - Client accounts and related sub accounts
    - Member sub accounts
    - Tripartite agreements
- Positions will then be uploaded or provided based on a cut from production on a specified day before the dress rehearsals

High level functionality

- Consumption of start of day and intraday reference data updates
- Listening to trade updates resulting from trading engine activities
- Listening to subsequent position and risk event updates resulting from trading engine activities
- Performing deal management activities and listening to resultant position and risk event updates
- Listening to price events and resultant intraday risk event updates

Annexure C
Dress Rehearsals – Post-trade

End of Day

- Performing deal management activities after end of continuous trading
- JSE to simulate an EOD run with resultant risk and settlement instruction updates
- Clearing Members to simulate balancing activities to JSE (to be agreed in workshop on 22 Sep 2017)
  - Variation and initial margin
  - Funding interest and dividend payments
  - Booking and risk fees