



# **Integrated Trading & Clearing (ITaC)**

Dress Rehearsal Feedback

16 March 2018



# **Agenda**

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- ITaC What's changing?
- ITaC Project Update
  - High Level Timelines and Key Dates
- Mandatory Market Dress Rehearsals
- General
- Questions?



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ITaC - What is Changing?





# **ITaC High Level Impact Summary**

Trading

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#### **NEW**

#### Connectivity and bandwidth requirements

- JSE Services Agreement (JSA) for connectivity to Production and Customer Test Service (CTS) services
- Intra-day risk monitoring including exposure thresholds
- Real time Drop Copy feed "Copy to" functionality of all orders and trades
- Real time Post Trade feed of all trades
- · Enhanced trading functionality
  - Intra-Day Trading Session Updates
  - Pause session
  - · Off book and On Book Trades
  - Quotes for Market Makers
  - Circuit breakers Dynamic and Static circuit breakers trigger Volatility Auctions
- Reference Data
  - Enhanced Instrument Identification codes including ISIN and Unique Numeric ID
  - Instrument mapping between old and new instrument codes - four character code will not be allocated to any new instruments that are listed or that are created as a result of corporate actions
  - · Firm and trader identification codes
  - Enriched reference data files available via file transfer/download
- EDM only intraday creation of anyday instruments

#### CHANGED

- Enhanced order types and ability to allow orders to live for more than one day
- Enhanced Stop and Stop Limit and Time in Force functionality
- Firm Login versus Trader login
- More specific Off Book trade reporting functionality with special trade types
- Improved consistent latency and performance throughput
- Dynamic Intraday auto-generation of option Strikes
- Authentication and access management managed via in-house front ends
- Enhanced trade cancellation and price adjust levels
- Indicative Auction Information published real-time during auction periods
- Multicast Protocol for all Market Data including via JSE London PoP/International access point
- Real time statistics and full market depth as well as top of book published realtime
- Data Agreements for new Trading and Information Subscriptions

#### DECOMMISSIONED

- NUTRON front-end to be decommissioned by JSE – clients to find replacement front-ends by engaging directly with software providers
- EDM Only
  - Price band limits for On Book central order book trading no longer apply
  - Dividend Future will no longer exist as the Dividend Neutral contract will now be "one" contract and the Journal transaction will be processed on this contract
- Global Market connectivity migrated from Equity Derivatives to Commodity Derivatives market in July 2017



## **ITaC High Level Impact Summary**

Market Data

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# NEW Connectivity and bandwidth requirements JSE Services Agreement (JSA) for connectivity to Production and Customer Test Service (CTS) services

#### **CHANGED**

- JSE Data Agreement/schedules to be signed
  - all data distributors including Shared Infrastructure providers
- Market Data fees
- Non Live Market Data
  - Fundamental changes to Non Live Market Data
  - FX data will move from being provided via IRC Data Records to new set of FX Data Records
  - IR Derivatives data will continue to be provided via existing IRD Data Records
  - 19 EDM Data Records will be made available
  - 17 FX Data Records will be made available
- Web Reports
  - A set of Web Reports will continue to be published on JSE website for General Public viewing
  - Web reports will be provided in PDF form and most will be provided at midnight
  - Web Reports will have same fields and same fields sequence as corresponding Data Records
  - 10 EDM Web reports will be provided
  - 9 FX Web Reports will be provided

#### **DECOMMISSIONED**

- EDM and FX Non Live Market Data via NUTRON front-end to be decommissioned by JSE – clients to find replacement front-ends by engaging directly with software providers and review new non-live data products available
- 2 current EDM Data Records will be discontinued
- 5 current EDM Web Reports will be discontinued
- 5 current FX Web Reports will be discontinued



## **ITaC High Level Impact Summary**

## Post-trade Deal Management and Clearing

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#### **NEW**

- Connectivity (to trading system for on behalf activity) and Bandwidth requirements
- JSE Services Agreement (JSA) for connectivity to JSE production and Customer Test Service (CTS) services.
- JSE Data Agreement to access public market data
- Deal management
  - Commissions functionality to replace "Take-a-Turn"
- Securities and FX collateral service that allows participants to pledge securities as collateral
- Intra-day risk monitoring service for real-time monitoring of risk including exposure thresholds and alerts

#### **CHANGED**

- JSE Rules and Directives relating to new, changed and removed services
- Reference Data
  - Trading Member codes are being consolidated
  - Instruments codes
  - Dividend neutral contract positions to be held directly in dividend neutral contract
  - Sub accounts new House suspense account (error account)
- Single end-of-day run across all markets with a 2-step clearing member balancing process
- EOD re-run process change
- · Automated confirmation of balancing
- Collateral management part of the EOD process.
- Inclusion of pledged securities collateral information in BDA
- JSPAN Margining Methodology changes
- Pre-trade risk controls changes with some controls shifting to trading front-ends and some new controls in the Trading system
- Non-validation of accounts on trading system
- Price bands changes
- · Automation of corporate actions

#### **DECOMMISSIONED**

- Market Notices will no longer be issued for corporate action changes however information on treatment of derivatives positions as a result of corporate actions will be available on JSE website
- from Equity Derivatives to
  Commodity Derivatives market –
  Completed earlier in 2017
- NUTRON front-end to be decommissioned by JSE – clients to find replacement front-ends by engaging directly with software providers



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# **ITaC MCMT Status Update**



MCMT Milestones – each subject to success of prior milestones	Date	Revised Plan (as agreed with CMs)
Final Clearing Member code rollout	15 Jan - 19 Jan 2018	7-9 Feb 2018
Unscripted testing for CMs	22 Jan – 26 Jan 2018	N/A
MCMT Cycle 1	29 Jan – 09 Feb 2018	12-16 Feb 2018 (S/W readiness assessment)
Code fix and deploy	12 Feb – 16 Feb 2018	19 Feb – 2 Mar 2018
MCMT Cycle 2	19 Feb – 02 Mar 2018	5 Mar – 16 Mar 2018
Code fix and deploy	05 Mar – 09 Mar 2018	-
MCMT Cycle 3A	12 Mar – 16 Mar 2018	-
MCMT Cycle 3B	19 Mar – 23 Mar 2018	-
Code fix and deploy	26 Mar – 29 Mar 2018	19 Mar – 22 Mar 2018
Deploy code for MMDR	-	19 Mar – 22 Mar 2018
Easter	30 Mar – 02 Apr 2018	
MCMT Cycle 4	03 Apr – 13 Apr 2018	MCMT Cycle 3 (3A& 3B)
Code fix and deploy	16 Apr – 20 Apr 2018	16 Apr – 20 Apr 2018  Additional MCMT cycles
MCMT Cycle 5 (if necessary)	23 Apr – 04 May 2018	MCMT Cycle 4 will be considered nost this

# **Mandatory Clearing Member Testing (MCMT)**

#### Status Update



- Primary project focus currently is clearing member testing in our MCMT environment
- Daily checkpoints held to assess the testing progress
- Despite challenges and defects identified, progress has been made
- Testing is achieving the objective to identify functional, technical or business process issues in the clearing member software and the JSE's real-time clearing system
- Tracking behind schedule and some of the challenges include:
  - Set up and system configuration
  - Client connectivity issues
  - Reference data set up
  - Defects in clearing member software
  - Defects in JSE RTC software
- Outcome of this testing phase and plans for remaining phases will determine start of market wide MCMT (including trading members and other software providers) – expected to be Cycle 4 (23 Apr – 4 May)



### **ITaC Key Dates**



Date	Milestone
24 Mar 2018	Mandatory Market Dress Rehearsal 3
<del>14 Apr 2018</del>	Mandatory Market Dress Rehearsal 4
12 May 2018	Targeted Go Live Weekend Mandatory Market Dress Rehearsal 4
<del>28 May 2018</del> 26 May 2018	Go Live Contingency 1 Optional Market Dress Rehearsal
<del>11 Jun 2018</del> 9 Jun 2018	Go Live Contingency 2 Final Mandatory Market Dress Rehearsal
TBC	Targeted Go-Live Date *  (project currently behind schedule and remaining MCMT cycles and Targeted Go-Live date will require confirmation with stakeholders)

- Clients must successfully pass 2 dress rehearsals to go-live
- Considering Participant Test Weekends (PTWs) to all as additional opportunities for testing by clients in the trading system
- JSE early deployment opportunities are planned as most of our new solutions are ready



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Mandatory Market Facing Dress Rehearsals (MMDR)



## Why are Dress Rehearsals necessary?



#### Dress rehearsals are essential to confirm:

- **Lessons learnt** from previous project shortcomings e.g. Project DIS
- Clients requested more testing opportunities in production
- Your business operations will not be adversely impacted as you transition to your new chosen software solutions for the Equity Derivative and Currency Derivative Markets
- Prove your new chosen software solutions meet all your business and functional requirements
- **Prove all access credentials** ensure all authentication and permissions are correctly enforced/configured via your chosen software solutions
- Prove any downstream integration systems/solutions dependencies to ensure end to end functionality prior to go live and no disruption to your business
- Practice deployment and cut over activities of your solutions
- Prove your Firm's readiness for go-live to ensure you continue to operate successfully familiarise yourself with your chosen solutions, front-ends



# What should be tested during Dress Rehearsals?

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- JSE will publish a dress rehearsal functional test worksheet to help you execute your testing
- Simulate a normal production business day in the production environment using your new chosen solutions
- Business and technical teams to familiarise themselves with your new solutions –
   identify knowledge gaps and any additional training or education required for go-live
- Test all **business processes impacted** by your new solutions
- Test that your chosen solution(s) meets your business needs
  - Test what you do on a normal day
  - Test any downstream integration solutions dependencies required for your successful business operations
  - Execute a controlled set of scenarios (orders, trades, deal management functions etc.) to verify the outcome of the results on all screens, reports, downloads etc.
  - This is not a HIGH VOLUME test the focus should be on verifying integrity and accuracy!
  - Test that traders, back office and risk management teams are correctly authorised
  - Confirm that your staff are trained and well positioned to continue operating post go-live familiarise yourself with your chosen solutions

#### **Measuring Success of Dress Rehearsals**



 Implement dress rehearsal functional test worksheet with pass/fail criteria to assist in confirming readiness

#### **Trading**

**Connectivity and access credentials** 

Order management, On Book trading and Off Book
Trade Reports

**Trading Session changes** 

**User created instruments** 

#### **Market Data**

**Connectivity and access credentials** 

Successfully receive and process real-time multicast data and replay/recovery

Process trading session changes published e.g. auction, uncrossing etc.

#### **Deal Management**

Connectivity and access credentials

Perform deal management activities e.g. Assign,
tripartite etc.

Commission

#### Clearing

Receive and process trades and trade cancellations via real-time clearing

Perform deal management activities e.g. assign, allocate, tripartite

**Capture commissions** 

View positions and member client data

Verify margins



## **Measuring Success of Dress Rehearsals**



- Prior to the dress rehearsal review the JSE known issues list (to be published next week) and that of your software provider
- Take ownership, be prepared test what you need for your business ONLY YOU know how your business operates
- Your dress rehearsal feedback is important to us ensure you provide feedback
- We will use clients' feedback and JSE generated reports to assess overall dress rehearsal success
  - Clients to complete dress rehearsal functional test worksheet and return to JSE to be published 20 March 2018
  - JSE will generate dress rehearsal results reports (met/not met)
  - Continue the open and honest general feedback its helps us to improve!



## Participation in Dress Rehearsals – 24 March 2018

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- This dress rehearsal is Mandatory for:
  - All Trading Members that participate in the Equity Derivatives and Currency Derivatives markets regardless of how they access JSE trading and post trade services (test all applicable solutions)
  - All software providers (trading, deal management and clearing)
  - All Shared Infrastructure Providers (SIPs)
- This dress rehearsal is Optional for:
  - Real-time Information subscribers that connect directly to the JSE
  - Clearing Members (we would encourage Clearing Members to test and prove access to the new ITaC services)
  - International Access Point clients (we would encourage these clients to test and prove access to the new ITaC services)
- 24 March 2018 is last opportunity for trading members to test with multiple software providers –
   clients MUST finalise software and software vendor choice post this dress rehearsal
- Non Live Market Data subscribers do not participate in the dress rehearsal as they are participating in Non-Live Market Data User Acceptance Testing which commenced on 12 March 2018



## Participation in Dress Rehearsals – 24 March 2018

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- All JSE user credentials required for go-live
  - New Firm credentials
  - New Trader IDs (including automated trading applications), TraderGroups and Branches
  - New Trading and Market Data Gateway Comp IDs
  - Real-Time Clearing User-ids
  - Information Delivery Portal (IDP) credentials
- Not mandatory for every trader to participate, however ensure you have appropriate business representatives on site to signoff functionality and verify correct authorisation in JSE systems and your software Front -ends
- Test all connectivity (Login's) to JSE ahead of the dress rehearsal to avoid delays during the dress rehearsal
  - Test your Trading Logons today Friday, 16 March 2018 to ensure correct passwords
  - Test your Trading and RTC Logons Friday, 23 March 2018



# **Dress rehearsal preparations**

- Verify your Trader Ids have been setup correctly in your software Compliance officers have the latest lists or these can be requested via <u>ClientData@jse.co.za</u>
- Not all clients have completed a full impact analysis and dependency analysis of their systems –
   URGENT to complete asap
- Ensure clear issue logging procedure for your team
  - Ensure you have the support helpdesk contact details of your software provider for support during the dress rehearsals and log all software issues with them
  - First line JSE support is the Client Service Centre log all queries via email to <u>CustomerSupport@jse.co.za</u> or call us on (011) 520 7777
  - Keep track of all actions in the event of a problem to assist with troubleshooting and to recreate the issue
- Read the following business functional documents and get a better understanding of the new systems:
  - Volume 00D Trading and Information Overview for Derivative Markets
  - Volume E Derivatives Markets Trade Reporting Guidance Note
  - Volume PT00 Post-trade Services Overview (includes commissions solution)



#### Dress Rehearsal – 24 March 2018



- Test runs between 6h30 12h00 technical teams be on site 6h30 7h00
- Business users on site from 8am for start of trade reporting
- Monitor dress rehearsal status via this link:

https://www.jse.co.za/services/technologies/market-communications

- Define roles and responsibilities for your team members and what each is accountable for
- Traders: If you are not currently enabled to access a specific market YOU WILL NOT be able to
  access it during dress rehearsals. E.g. if you are not currently an FX dealer you cannot trade
  currencies
- Clearing back office staff will have a TraderID for every trading member that they clear for and it should be tested
- Familiarise yourself with the new systems and your new front-ends test, test and test some more
- Enablement cut-off date was Wednesday 9 March 2018
- Be aware of the JSE published known issue list as well as that of your software provider



## **Dress Rehearsal Tracking**



- Each JSE client has a dedicated JSE user readiness contact ("buddy") don't know who your buddy is? Send an email to ITaC@jse.co.za
- Your JSE "buddy" will contact your nominated key ITaC contact person (primary/responsible officers) to exchange contact details (by Thurs 22 March)
  - this person is your escalation contact (if required) during the dress rehearsals
  - If a more senior escalation contact is required, please contact Leanne Parsons, the JSE Executive Sponsor for ITaC via <a href="LeanneP@jse.co.za"><u>LeanneP@jse.co.za</u></a> or via Client Service Centre (CSC) +27 11 520 7777
- Monitor status updates via SMS for SMS updates:
  - Send email to <u>ITaC@jse.co.za</u> by Tuesday 20 March 2018 with:
    - Firm Name
    - Name & Surname
    - Cell phone Number
    - Email Address
- JSE will require your completed dress rehearsal functional test worksheet from the ITaC
   Responsible Officer to confirm results of the dress rehearsal email these to <a href="ITaC@jse.co.za">ITaC@jse.co.za</a>



#### **Mandatory Market Dress Rehearsal**

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#### **TAKE NOTE!**

- Trading the order book will be empty for go-live and therefore for dress rehearsals too
- Trading enablements will be as at Friday, 16 March 2018
- Instrument reference data will be as at 16 March 2018 adjusted for Currency Expiries on 19 Mar 2018
- Full position take-on as at 20 March 2018 will be migrated for the dress rehearsal Members to verify positions against own systems
- Only member clients that have been active over the past 2 years will be migrated to real-time clearing for the dress rehearsal
- Test intra-day user created instruments if you make use of this functionality



## 24 March 2018 Dress Rehearsal Data



Date	Milestone	Status
16 March 2018	Test Trading Connectivity	Logon all Trading COMPIDs and reset passwords today (if necessary)
22 March 2018	<ul><li>EARLY REFERENCE DATA FILES AVAILABLE</li><li>~ 22h00 Trading reference data client</li><li>CSV files published</li></ul>	Download early files and process data to prepare for the dress rehearsal
23 March 2018	Test Trading Connectivity again	Logon all Trading COMPIDs
23 March 2018	Post-trade reference data can be downloaded via the RTC API (EMAPI)	RTC system available to connect and download and process data
23 March 2018	<ul><li>FINAL REFERENCE DATA FILES</li><li>~22h00 the final Trading reference data client CSV files published</li></ul>	Download final files and REPLACE all early file data with these files for the dress rehearsal



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#### General



#### Commissions

- JSE commission solution and specifications published Q2 2016
- It is necessary to align how this aspect of the commissions solution is used in order to ensure that commissions can be efficiently processed between Members and by Clearing Members at EOD
- JSE is in consultation with software providers and is finalising proposed handling of the commission reference fields and how these should be populated
- A guidance note will be published today confirming the proposed handling of the commission reference fields
- Note: There are no changes to the JSE RTC API messages

#### Collateral management

 JSE is in consultation with stakeholders to confirm implementation timeline and we hope to communicate revised timeline during April

#### Transition

 Clients operating across the different Derivatives markets to be aware of transitional items during the period in which migrate remaining markets to the new ITaC technology (as follows on next slide)



#### **ITaC Transitional Issues**

#### Take Note!

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- New Instrument reference data standards see guidance note for details
  - EDM and FXM will have ISINs on the tradable instruments, but the other derivative markets will not
  - Four character Contract codes will still remain for the other derivative markets
  - New Derivative Instrument Name will only be available for EDM and FXM
- Trading System
  - New ITaC Firm Codes standards
    - Nutron: CDM, IR and Bond markets continue with existing Firm alpha code (4)
    - ITaC: EDM and FXM markets to use new Firm alpha code (3) as well as the new Production Identifier Code e.g. ABCXXXTM001
  - New ITaC Trader ID standards
    - Nutron: CDM, IR and Bond markets continue with existing use of Dealer alpha codes
    - ITaC: EDM and FXM markets to use new Trader IDs (5 numeric digits (0-9))
    - Once all markets migrated, Traders registered in the Equity Derivatives and Currency Derivatives Markets will have one common unique numeric Trader ID across all markets
  - New TraderGroups for ITaC only for EDM and FXM Trading members



#### **ITaC Transitional Issues**

#### Take Note!



- Clearing
  - Daily Account Summary Reports:
    - Equity Derivatives and Currency Derivatives (combined i.e. single report) RTC
    - Interest rate Derivatives Nuclears
    - Commodity Derivatives Nuclears
  - Trading Members to engage with their Clearing Members to understand how these will be delivered for all markets
- BDA
  - Broker Code upload of derivatives data from new ITaC services will continue and be uploaded to existing BDA broker codes



# **Questions?**

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



CustomerSupport@jse.co.za



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