



Integrated Trading and Clearing (ITaC)

Project Forum

3 October 2018

Agenda

- ITaC Key Dates
- ITaC Dress Rehearsal 15 September 2018 results feedback
- Market Dress Rehearsal – 6 October 2018
- Questions?

ITaC Key Dates



Date	Milestone
20 Aug – 3 Sep 2018	ETE Testing – Cycle 4 Scripted
4 Sep – 7 Sep 2018	ETE focused Test
10 Sep – 14 Sep 2018	MMDR 8 Prep
15 Sep 2018	Go-Live Ready Dress Rehearsal – mandatory for all clients
17 Sep – 1 Oct 2018	ETE Testing – Cycle 5 Scripted
3 Oct 2018	Go-Live Checkpoint with ITaC Market Steering
6 Oct 2018	<ul style="list-style-type: none"> - Go-Live Practice (JSE & Clearing Members) - Optional Dress Rehearsal (will be mandatory for those trading members that still need to pass a remaining MMDR)
8 Oct – 12 Oct 2018	Go Live Confirmation Cycle 1
17 Oct – 23 Oct 2018	Go Live Confirmation Cycle 2
27 Oct 2018	JSE deploys RTC/CIS into production
29 Oct – 9 Nov 2018	RTC Daily Production Runs
12 Nov 2018	Targeted Go-Live Date



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Overall Dress Rehearsal Results



Dress Rehearsal Test Criteria	12 May 2018 MMDR	26 May 2018 OMDR	14 Jul 2018 MMDR	18 Aug 2018 MMDR	15 Sept 2018 MMDR
ORDER MANAGEMENT					
Submit Order - DAY	71%	71%	83%	90%	91%
Submit Order – MARKET*/LIMIT	56%	64%	67%	83%	92% for LO
Order - AMENDMENT	61%	60%	67%	80%	81%
Order - CANCELLED	63%	62%	70%	78%	84%
OOBD - RECOVERY	70%	92%	86%	99%	88%
TRADE MANAGEMENT					
On Book - AT	69%	67%	83%	91%	91%
Off Book Single Sided – NT*	47%	59%	71%	64%	77%
Off Book Dual Sided – NT	53%	48%	40%	86%	88%
On Book - CANCELLATION	35%	33%	35%	62%	34%
Off Book – CANCELLATION	28%	47%	50%	64%	51%
OOBD - RECOVERY	59%	91%	86%	70%	76%

- Average (not weighted) Trading Member results across both EDM and FXM – both technical and functional results
- Order Mgmt - Day orders **improved from 71% to 91%** - MARKET ORDERS disabled 15 Sept and LIMIT ORDER verified at 92%
- Trade Mgmt – more practice needed for Off Book Trade Reporting and more education for Trade Cancellations
- User created instruments – slight improvement - clients are still familiarising themselves with this process – **more testing is required and this will be one of the key objectives for next dress rehearsal and End-To-End testing**
- ***At Market** was not enabled for EDM/FXM on 15 Sept and Single Sided NT was not applicable for FXM

Trading Member Results



No. of Trading Members mandated to test on 15 September 2018		No. of Trading Members who could have passed 15 September 2018	No. of Trading Members who did not pass 15 September 2018
EDM	68	49 - (37 with > 90%) 46 passed "All Trader IDs tested"	19
FXM	53	34 - (22 with > 90%) 32 passed "All Trader IDs tested"	19

No. of Trading Members have passed 2 dress rehearsals		No. of Trading Members that have passed 1 dress rehearsal	No. of Trading Members who have not passed a dress rehearsal
EDM	65	1	2
FXM	46	5	2

Key areas of concern:

- Off Book Trade Reporting and Trade Cancellations (On and Off Book)
- Commissions
 - Some software providers experienced issues on the day which impacted overall commissions testing
- Understanding of AM (At Market) order type

MMDR Results Summary – Post Trade



	Overall Post Trade Results per 2018 Dress Rehearsals					
MMDR Date	24 Mar	12 May	26 May	14 Jul	18 Aug	15 Sept
Pass Rate	70%	70%	70%	70%	80%	80%
No. of Participants	68	67	68	66	66	66
No. of Passes	0	22	22	33	31	34
No. of Fails	67	42	42	29	35	32
No. of N/As	1	3	4	4	4	5
Overall Pass Rate	0%	33%	32%	50%	47%	52%

Post-trade Dress Rehearsal Results



15 September 2018 Results

No. of Trading Members who were mandated to test on 15 September	No. of Trading Members who passed 15 September	No. of Trading Members who did not pass 15 September
66	34	32

Dress Rehearsal Results Summary

No. of Trading Members that have passed 2 dress rehearsals	No. of Trading Members that have passed 1 dress rehearsal	No. of Trading Members who have not passed a dress rehearsal
48 (greatly improved)	15	2

Key area/s of concern:

- **Commissions** – Still some issues with reference field population which are being addressed with the relevant parties however a noted improvement has been observed since all Software Providers participated in the ETE Cycle 4 coordinated business specific events testing

Key Observations – Trading



- Market Orders (MO) - disabling Market Orders – **will remain enabled for 6 October 2018 however final go live decision pending**
 - Allows a user to get into and out of a moving market quickly and with confidence
 - During regular trading, a market order to buy (sell) executes with the sell (buy) side of the order book starting from the lowest (highest) available price and moving on to the highest (lowest) available price in the book
 - 15 Sept 2018 dress rehearsal had Market Orders, Stop Orders Market If Touched and Market to Limit Orders disabled as these are all linked to Market Order functionality and cannot function independently – All will be enabled for 6 Oct 2018
 - SWP to provide flexibility to clients whether they use this functionality or not in the dress rehearsal
- Off Book Trade Types disabled – **will not be enabled for Go live**
 - Exchange for Physical (EP) and Price Adjust (PA) - update and confirmation of Trade Sub Types
 - Seamless integration through client csv files
- Cancellation of orders for expired instruments
 - Note that order cancellation messages are not sent for instruments that expire
 - Software providers were engaged and they are applying different solutions

Key Observations – Trading cont.



- Failover of the trading and market data gateways
 - Tests will be repeated 6 October 2018 and more time will be allowed for trouble shooting
- Clearing member and Back office users trading On Book
 - Permissions on trading frontends should not allow Back Office Trader IDs to do this
 - All back office Trader IDs have “Back Office” in the Surname field
- Clients do not understand the symbology / instrument codes on their frontends.
 - Need to encourage clients to engage with their SWP’s to understand
- Segregation of different desks
 - Follow up on issues still occurring in dress rehearsals where SWPs need to ensure the correct data goes to the correct destinations for trading and market data

Key Observations – Clearing



- Client maintenance – loading of a foreign / non-resident client
 - JSE will now pre-load in production a member cash account for all members firms who do not currently have a cash account loaded to allow all members to add foreign clients
 - JSE observed that the foreign client loading process in software provider solutions is not always intuitive resulting in users not loading the cash accounts which prevents the JSE from enabling these clients in some cases
 - [JSE Service Hotline 209/208](#) issued 30 September 2018 to request bank account details in preparation for ITaC go live
 - Feedback is due today - if you have not yet responded to the request, please do so at your earliest convenience
 - For dress rehearsal on Sat 6 Oct, the JSE will preload a member cash account for all member firms

Key Observations – Clearing Topics for discussion



- Commissions reference fields
 - Issues were identified in the focused testing in End to End from 4-7 September
 - Use of Commissions reference fields in accordance with the guidance note has improved and remaining issues have been addressed with the relevant software providers
 - **Software providers are reminded to updated in accordance with the guidance note**
 - Further focussed tests are planned for the next 2 weeks
- Commissions scenarios
 - An additional commission scenario has been identified where a member charges the counterparty member/branch on a reported trade a commission
 - Updated Commissions Reported Trade Guidance Note issued 26 September 2018 to assist solution developers to understand the correct process to handle commission in this scenario

Agenda

- ITaC Key Dates
- ITaC Dress Rehearsal 15 September 2018 results feedback
- **Market Dress Rehearsal – 6 October 2018**
- Questions?

Market Dress Rehearsal – 6 Oct 2018



- **Key objectives of the Go-Live Dry Run for the Equity Derivatives and Currency Derivatives Markets**
 - Practice the go live cut-over activities and timings as they will occur on the weekend of go live i.e. the position take-on process will only start on Friday evening after market close
- **Participation requirements**
 - **Mandatory** for all Clearing Members
 - **Mandatory** for Equity Derivatives and Currency Derivatives Trading Members that have not yet achieved the min of 2 dress rehearsal pass criteria
 - **Mandatory** for Equity Derivatives and Currency Derivatives Trading Members that have not tested all Trader IDs successfully
 - **Mandatory** for Equity Derivatives and Currency Derivatives Live Information subscribers with direct connectivity to the JSE that have not achieved the minimum 2 dress rehearsal pass criteria
 - **Optional** Dress Rehearsal for other clients not mentioned above

Market Dress Rehearsal – 6 Oct 2018



Key objectives for Trading Members

- **JSE Data Take-on Process**
 - Post the production Nuclears EOD batch on Friday evening the JSE will commence the data take-on process to convert/carry over all Nuclears data (contracts, member and client accounts as well as open positions etc.) to the new ITaC services
- **Trading Members to Verify Trading Member Positions as well as Client Positions in ITaC**
 - Verify all Nuclears data converted into ITaC as at close of business on Friday, 5 October 2018
 - Verify positions at a principle level per tradable instrument
 - Check positions stored at Trading Member and Trading Member sub account level
 - Check positions at client and client sub account level (if applicable)
- **Reference Data**
 - Check all active member and branch sub accounts have been correctly converted into your ITaC solution
 - Check all active member clients and client sub accounts (if applicable) have been correctly converted
 - Check branches (if applicable) have been correctly converted
- **Test all Trading, Market Data and Post-trade functional for which you still need to achieve a min pass**
 - Successfully test all Trader IDs for which a pass has not yet been achieved i.e. not previously tested

Market Dress Rehearsal – 6 Oct 2018



Key objectives for Information Subscribers

- **JSE Data Take-on Process**
 - Post the production Nuclears EOD batch on Friday evening the JSE will commence the data take-on process to convert/carry over all Nuclears market data (contracts and closing prices) to the new ITaC services
- **Information Subscribers to Verify Reference Data in ITaC**
 - Verify all Contract Codes that remain from Nuclears are successfully converted into ITaC as at close of business on Friday, 5 October 2018
 - Verify all closing prices as provided in the prices file from the JSE as well as published in real-time feed
- **Test all Market Data functionality for which you still need to achieve a min pass**
- **Non Live Market Data subscribers**
 - We will produce the NLMD files for Equity Derivatives and Currency Derivatives market as part of EOD run
 - Verify content post the dress rehearsal

Market Dress Rehearsal – 6 Oct 2018



Key objectives for Clearing Members

- **JSE Data Take-on Process**
 - Post the production Nuclears EOD batch on Friday evening the JSE will commence the data take-on process to convert/carry over all Nuclears data (contracts, member and client accounts as well as open positions etc.) to the new ITaC services
- **Clearing Members to Verify Trading Member Positions in ITaC**
 - Verify positions at a principle level per tradable instrument
 - Verify margin balances as taken on
 - Verify member branches and member clients taken on
- **Test all On-Behalf-Of Trade Reporting, Deal Management and Clearing functional**
 - Successfully test all Trader IDs for which a pass has not yet been achieved i.e. not previously tested
- **Clearing Member systems to be available for JSE end of day to interact with RTC as part of End of Day**
- **Clearing Members to provide reports from the Dress Rehearsal to all Trading Members as part of business as usual process**
- **Focus is NOT on end of day balancing (this is done in ETE) – we will override CM1 and CM2 Balancing**

Market Dress Rehearsal – 6 Oct 2018



• Equity Derivatives and Currency Derivatives High Level Test Schedule

Date	Time	Description	To Action
Go live Dry Run - Preparation, Batch Runs and Data Take-on			
02 – 05 Oct 2018	All day	JSE Go live dry run preparation activities and Trading connectivity can be confirmed	JSE
Thu, 4 Oct 2018	To notify	Real-Time Clearing connectivity can be confirmed and initial TraderID files issued	CMs, TMs & IS
Fri, 05 Oct 2018	~ 10:00	Draft Client CSV files and TraderID files issued	CMs, TMs & IS receive and process
Fri, 05 Oct 2018	18:00 – 00:00	JSE Production Batch runs (all services)	JSE
Sat, 06 Oct 2018	00:01 – 08:30	JSE Nuclears to ITaC Data Take-on and internal verification	JSE
06 Oct 2018	~ 4:30	Final Client CSV files and TraderID files issued	CMs, TMs & IS receive and process when they are ready to
06 Oct 2018	09:30 – 12:00	Clearing Member data verification activities	CMs to verify data take-on data
06 Oct 2018	09:30 – 12:00	Connectivity to Trading, Market Data and Clearing GWs available	CMs, TMs & IS to connect when ready at any time during this period
06 Oct 2018	11:00 – 12:30	Trading Member data verification activities	TMs to verify data take-on data
06 Oct 2018	12:00	Dress Rehearsal testing to commence as per schedule for: <ul style="list-style-type: none"> - Clearing Members, Trading Member and Information Subscribers mandated to test - Optional testing for Trading Members and Info Subscribers not mandated to test 	CMs, TMs & IS

Market Dress Rehearsal – 6 Oct 2018



- Equity Derivatives and Currency Derivatives High Level Test Schedule**

Date	Time	Description	To Action
Dress Rehearsal Activities			
06 Oct 2018	12:00 – 16:00	Off Book Trade Reporting Period (EQM, EDM, FXM)	CMs, TMs to commence trade reporting and Deal Mgmt and IS to receive and process Market Data
	12:20 – 12:30	Equity Derivatives Opening Auction	Orders, Trades, Deal Mgmt, Clearing and Market Data published
	12:30 – 16:00	Equity Derivatives and Currency Derivatives Continuous Trading Period	
	13:00 – 14:00	Trading Gateway Failover	
	14:00 – 16:00	Real-Time Clearing component Failover	
	16:00	Post Close Period	Order deletion, GTT orders are expired, manage Off Book trades. No order matching and Closing Prices published

Market Dress Rehearsal – 6 Oct 2018



- **Equity Derivatives and Currency Derivatives High Level Test Schedule**

Date	Time	Description	To Action
Dress Rehearsal Activities			
6 Oct 2018	16:00 - 16:15	EDM & FXD – EOD Deal & Position Management period	
	16:15 onwards	Trading Members and Information Subscribers test ends and commence data clean-up	
	From 16:15	EDM & FXD – JSE End of Day batch processing (including Clearing Members) - Margin calculations and publishing - CM balancing 1 - JSE fee calculations and publication - CM balancing 2 - Publication of final daily account summary report	

- All times are quoted in South African Standard Time (SAST = GMT+2)
- All times are approximated as this is the first time we are conducting the go live dry run

Dress Rehearsal Checklists



- **Equity Derivative and Currency Derivative Markets**

- Dress rehearsal results are generated by the JSE based on transaction data in JSE systems – retain your system logs
- Checklist link - <https://www.jse.co.za/services/itac#OtherDocumentation>

Trading Business Functional Test Guide	Post-trade Checklist
DO NOT need to be completed & returned to the JSE	Must be completed and returned to the JSE by Trading and Clearing Members
All functionality highlighted in Yellow is mandatory – PLEASE USE MOST RECENT VERSION AS THERE ARE CHANGES	Mandatory functionality identified by column “Part of MMDR Success criteria”
• Pass mark is 85% for EDM & FXM	• Pass mark is 80%
Confirm what business functionality is not applicable to your firm	

- Draft dress rehearsal checklists and schedule links:

- [Mandatory Market Facing Dress Rehearsal Trading Schedule.pdf](#)
- [Dress Rehearsal Trading Functional Test Guide EDM FXM MMDR 06Oct18.xlsx](#)
- [Mandatory Market Facing Dress Rehearsal Post-trade Schedule.pdf](#)
- [Post-trade Dress Rehearsal Functional Test Worksheet 6Oct2018.xlsx](#)

Optional Market Dress Rehearsal – 6 Oct 2018



- **Passwords**
 - Trading, Market Data and Real-Time Clearing Gateway passwords will be as at close of business 1 Oct 2018
- **TraderIDs**
 - Data cut is at as at 1 Oct 2018, clients to use TraderIDs as per CSV files which will be available Thursday
- **JSE Buddy**
 - Each JSE client has a dedicated JSE user readiness contact (“buddy”) – don’t know who your buddy is? Send an email to ITaCBuddy@jse.co.za
 - Your JSE “buddy” will provide you with your counterparties for the dress rehearsal by Wed, 12 Sept 2018
- **Issue logging** ensure clear procedure for your team
 - Ensure you log all dress rehearsal issues experienced with your software provider
 - Log queries with first line JSE Client Service Centre (CSC) - via email to CustomerSupport@jse.co.za or call us on +27 (11) 520 7777
 - Keep track of all actions in the event of a problem to assist with troubleshooting and to recreate the issue
- **Monitor online status** via this link:

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

Dress Rehearsal Trading Results Criteria



**Pass mark is 85%
for EDM & FXM**

Connectivity

PASS RATE	Market	Connectivity							
		Native Trading		Post Trade - Own		Post Trade - OBO		Drop Copy	
%	EDM/ FXM	Login All 3 GWs	Login	Login both GWs	Login	Login both GWs	Login	Login both GWs	Login

Trading – Order Management

Submit New Order - TIF								Submit New Order - Type					Order Amend	Order Cancel	OOBD
OPG	DAY	FOK	GFA	GTC	GTD	GTT	IOC	LIMIT	MIT	MTL	STOP	STOP LIMIT	Amended	Cancelled	Recovery

Trading – On Book and Off Book Trades

On Book Trades		Off Book Trades - Dual-Sided				Off Book Trades - Single-Sided				OBO	Cancellation		Strategy Trade		OTBD
UT	AT	CD	NT	RT	SR	CD	NT*	RT	SR	NT	On Book	Off Book	ICS	Delta Option	Recovery

Trading – Reference Data

Permissions			Sessions/Status			Instrument Creation	
Correct Market		Correct Instrument Type	Suspend/Halt		No trading session	Future	Option

* Single Sided NT not applicable for FXM

Dress Rehearsal Post-trade Results Criteria

JS=

6 October 2018 - Mandatory Market Dress Rehearsal

Firm Name:

Post-trade Business Functional Test Worksheet

Instructions for completion of the Post-trade Business Functional Test Guide:

1. Trading Members and Clearing Members are required to complete **COLUMN D** of this document and indicate whether the function is applicable to the firm or not
2. Kindly submit completed test worksheets to your ITaC Dress Rehearsal Buddy by Monday, **8 October 2018**
3. Please note that the **pass criteria** for Post-trade activities is **80%** for the 6 October 2018 dress rehearsal

TECHNICAL / FUNCTIONAL FEEDBACK

#	Test Category	Test Activity	Is this function applicable to my firm?	Part of CM MMDR success criteria	Part of TM MMDR success criteria	Additional Information
4	Deal Management	Perform an Allocation to a Trading Member Client Main Account		Yes	Yes	<p>YES = Min PASS criteria for TMs and CMs</p> <p>Pass mark is 80%</p>
		Perform an Allocation to a Branch Member Client Main Account		Yes	Yes	
		Initiate an Assign to a Trading Member		Yes	Yes	
		Accept an Assign from a Trading Member		Yes	Yes	
		Cancel an Assign to a Trading Member		Yes	Yes	
		Reject an Assign from a Trading Member		Yes	Yes	
		Initiate an Assign to a Trading Member Branch		Yes	Yes	
		Accept an Assign from a Trading Member Branch		Yes	Yes	
		Cancel an Assign to a Trading Member Branch		Yes	Yes	
		Reject an Assign from a Trading Member Branch		Yes	Yes	
		Perform a Tripartite allocation to a TM Client		Yes	Yes	
		Perform a Tripartite allocation to a Branch Client		Yes	Yes	
		Perform an Accumulation on a Trading Member House Account		Yes	Yes	
		Perform an Allocation Correction within a Trading Member		Yes	Yes	
		Perform an Allocation Correction within a Branch		Yes	Yes	
		Perform a deal sub-account modification between house accounts		Yes	Yes	
		Perform a deal sub-account modification between branch house accounts		Yes	Yes	
		Perform a principal correction from a Client Main Account to a Trading Member House Account		Yes	Yes	
		Perform a principal correction from a Branch Client Main Account to a Trading Member Branch House Account		Yes	Yes	

Questions?



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



CustomerSupport@jse.co.za



+27 11 520 7777