MIGRATION – T+5 TO T+3

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1. REFERENCES

Document	Author	Version	Issue Date

2. VERSION CONTROL

Version	Author	Date	Reason for Changes
0.01	Brett Kotze	25 September 2015	Draft document
0.02	Brett Kotze	05 October 2015	Updates per discussions at the workshop with the market

3. DISTRIBUTION

List the names and divisions/departments of the persons to whom this document will be distributed. It is not necessary to include designations.

Name	Department	Action

Name	Department	Action

S = Signed Approval Required (Includes FR), QA = Quality Assurance Review Required, FR = Formal Review Required, IR = Informal Review Required, and I = Information.

4. INTRODUCTION

4.1 Purpose

The purpose of this document is to collate and present all identified and proposed requirements/changes for the migration from the T+5 to T+3 Settlement Cycle.

4.2 Stakeholders

The following Stakeholders have been identified as integral to the success of the migration:

- The JSE Limited (JSE);
- JSE equity members (members);
- Strate Limited (Strate);
- CSD Participants (CSDPs);
- Fund Management industry;
- Lending Desks;
- Issuers, their sponsor/advisors and their agents; and
- Transfer Secretaries.

4.3 Scope

This document details resolution on the migration from the T+5 Settlement Cycle to the T+3 Settlement Cycle.

4.4 Overview

During the week of migration, while deals are being processed simultaneously in a “T+5 Settlement cycle” and in a “T+3 Settlement cycle”, all the activities which take place need to be considered, to ascertain what impact these will have on the members, CSDP’s, Strate and JSE systems.

5. OVERALL DESCRIPTION

5.1 Assumptions

The following assumptions were identified:

1. Brokers will complete all their allocations on Trade Date starting from the Friday before Migration weekend. If required, BDA batch on the Friday may be extended to allow for all allocations to be done.
2. Migration will not take place over a month-end or over a Futures Close-out.
3. The JSE ECS system will allocate the T+5 settlement cycle deals and the T+3 settlement cycle deals into the same settlement groups (Group Reference numbers) for Strate.
4. Strate have implemented "Off-Market matching" and exceptions prior to the go-live of T+3.
5. The list of terminating transactions will be done manually during the week of migration and emailed to the JSE on a spreadsheet. The spreadsheet will include settlement orders on the T+5 settlement cycle as well as the T+3 settlement cycle
6. The Compulsory Reverse Substitution run will be run at 16h00 from the Monday during the Migration week so that the market only has one Compulsory Reverse Substitution run per day. Voluntary Reverse Substitutions can be done for deals on the old 5 day Settlement Cycle prior to 16h00 if required.
7. Corporate Actions:
    - The Issuers will be spoken to and their agreement on the below obtained – we can only finalise these requirements with the Issuers once we have tested and agreed on a firm go-live date as a lot of the events are announced several months before LDT/RD.
    - The Corporate Action timelines must be aligned to the T+3 Settlement Cycle 1 week before implementation of the T+3 Settlement Cycle.
    - Entitlements – The LDT date will be moved from the Friday prior to go-live to the Tuesday of go-live during the migration week to align with the T+3 Settlement Cycle.
    - The volumes of corporate actions expected during certain periods of the year will be taken into consideration when scheduling the T+5 to T+3 migration week.
    - Corporate actions will be limited over the migration week to Warrants only (if possible).

5.2 Potential Issues / Actions

1. **Timelines:**
    - Align timelines where possible before go-live of T+3.

2. **Off-market timelines:**
    - These may be moved to facilitate settlement with no penalties being incurred from Strate.

3. **Margining:**
    - The ECS system will also have to manage the different timelines for the margin calculations, margin calls and margin releases for the deals in the T+5 Settlement Cycle and the deals in the T+3

Settlement Cycle. One margin call will be generated which will include margin from the T+5 Settlement Cycle as well as the T+3 Settlement Cycle.

4. **Volumes:**
    - Volumes will increase substantially over the migration week due to the overlapping T+5 and T+3 cycles. Stakeholders must ensure that they have catered for increased volumes.

5. **Compulsory Reverse Substitution (CRS):**
    - Compulsory Reverse Substitution (CRS) may be held back to assist CSDPs to get clients commits for problematic settlement orders.

6. **EOD Batch:**
    - It is expected that there may be delays in daily on-line processing which may require that EOD is extended which may have an impact on start of batches for stakeholders.

7. **Funding for settlement:**
    - It is expected that funding will increase for the migration week due to the overlapping settlement for T+5 and T+3.

8. **Freezing of registers:**
    - Although we will try and prevent any corporate actions over the migration week – we must also monitor that there are no overseas corporate actions where they have frozen the registers over the migration week.

A market committee will be set up for the migration week with regular check point teleconferences.

6. REQUIREMENTS SURVEY

6.1 Business Problem and Statement

In order to facilitate the "Go-Live" for the T+3 Settlement Cycle, the activities, the timelines of these activities and the impact of these activities on the systems during the week of migration from the T+5 Settlement Cycle to the T+3 Settlement Cycle, needs to be investigated to ensure a smooth cut over from the T+5 Settlement Cycle to the T+3 Settlement Cycle.

6.2 Business Needs Statement

The following system related activities need to be considered in order to achieve a successful migration from the T+5 Settlement Cycle to the T+3 Settlement Cycle:

- Processing of Trades / Trade Cancellations / Backdated Trades
- Allocations/ Cancelation of Allocations/ Re-allocations / Late allocations / Backdated Allocations
- New Instruments – restrict corporate actions and new listings over the go-live period
- New Members – no change of CSDP details or new members going live will be permitted over the go-live period
- Client Accounts – ask members to restrict portfolio moves over the go-live period where possible
- Internal JSE reconciliation tools
- Routing of new messages between JSE and Strate
- Securities & Funds Availability
- Voluntary Reverse substitutions
- Compulsory Reverse substitutions
- Margining
- Creation of Settlement Orders
- Status Intimations
- Brokers Nets
    - Proprietary
    - Controlled
- Clearing Suspense Accounts
- SLB's and MLB's
- SLB's and MLB's returns
- SLB Loan Book valuation – Top-ups
- MLB Loan Book valuation – Top-ups
- Give-ups (for T+5 settlement cycle)
- Rolling of Settlement
- Failed Trades
    - Retransaction
    - Compensation

6.3 Business Activities during the Migration week from T+5 to T+3 settlement cycle

Monday

T+5 cycle	T+5	Settlement: - on-market and off-market settlements - Margins Settlement of JSET Settlement Sweeps – purchases and sales					Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		Margin Refund (created EOD T+3)
	T+4	Commits from CSDPs (15h00)	Comp Rev Sub (12h00) *Move to 16h00 to align with T+3. Vol Rev Sub can be done before 16H00.*	SLB	Commits Rev Subs (18h00)	BTB/DPL	SAT Activities		Margin Call (created EOD T+3) EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current
	T+3	Brokers Nets (created EOD T+2)	Vol Rev Subs	SLB	Clients Instructions	Commits (12h00)	BTB/DPL	Off-market Reporting	Margin Calculations EOD - Creation of JSET Settlement Sweeps – purchases from current to settlement
	T+2	Settlement Allegements (Re-allocations)	Clients Instructions	SLB	Commits	BTB/DPL			EOD – reports to CSDPs of uncovered controlled clients purchases

	T+1	Settlement Allegements (Re-allocations)	Clients Instructions	SLB	Commits	BTB/DPL			
T+3 cycle	T	Settlement Alledgements	Clients Instructions	SLB	Commits	BTB/DPL			

Tuesday

T+5 cycle	T+5	Settlement: - on-market and off-market settlements - Margins Settlement of JSET Settlement Sweeps – purchases and sales					Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		Margin Refund (created EOD T+3)
	T+4	Commits from CSDPs (15h00)	Comp Rev Sub (12h00) *Move to 16h00 to align with T+3. Vol Rev Sub can be done before 16H00.*	SLB	Commits Rev Subs(12h00)	BTB/DPL	SAT Activities		Margin Call (created EOD T+3) EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current
	T+3	Brokers Nets(created EOD T+2)	Vol Rev Subs	SLB	Clients Instructions	Commits (12h00)	BTB	Off Market Reporting	Margin Calculations (created EOD T+3) EOD Creation of JSET Settlement Sweeps – purchases from current to settlement
	T+2	Settlement Allegements (Re-allocations	Clients Instructions	SLB	Commits	BTB/DPL			EOD – reports to CSDPs of uncovered controlled clients purchases

T+3 cycle	T+1	Settlement Allegements (Re-allocations)	Clients instructions	SLB	Commits	BTB/DPL		Margin	Margin Calculations (created EOD T+1) EOD - Creation of JSET Settlement Sweeps – purchases from current to settlement EOD – reports to CSDPs of uncovered controlled clients purchases
	T	Settlement Alledgements	Clients Instructions	SLB	Commits	BTB/DPL			
	LDT	Corporate Actions – **NOTE** – *this is on an exceptional case*							

Wednesday

T+5 cycle	T+5	Settlement: - on-market and off-market settlements - Margins Settlement of JSET Settlement Sweeps – purchases and sales						SAT Activities (08h00 – 10h00) Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		Margin Refund (created EOD T+3)
	T+4	Commits from CSDPs (15h00)	Comp Rev Sub (12h00) *Move to 16h00 to align with T+3. Vol Rev Sub can be done before 16H00.*		SLB (16h00 to 18h)	Commits Rev Subs (18h00)	BTB/DPL	SAT Activities		Margin Call (created EOD T+3) EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current

	T+3	Brokers Nets(created EOD T+2)	Vol Rev Subs		SLB	Clients Instructions	Commits (12h00)	BTB	Off-market reporting	Margin Calculations Creation of JSET Settlement Sweeps – purchases from current to settlement

T+3 cycle	T+2	Brokers Nets – (created EOD T+1)	Vol Rev Subs	Clients Instructions	Commits/ BTB (15h00) BTB/DPL	Comp Rev Sub (16h00)	Off-Market Reporting. (11h00 – 15h00)	SLB	Commit Reverse Subs (18h00)	Margin Call/Refund (created EOD T+1) *Manual spread sheets for migration week - This will include Settlement Orders on the T+3 settlement cycle as well as the T+5 settlement cycle* EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current

	T+1	Settlement Alledgements (Re-allocation)			Clients Instructions	Commits	BTB/DPL	SLB	Margin	Margin Calculations (created EOD T+1) EOD - Creation of JSET Settlement Sweeps – purchases from current to settlement EOD – reports to CSDPs of uncovered controlled clients purchases
	T	Settlement Alledgements			Clients Instructions	SLB	Commits	BTB/DPL		

Thursday

T+5 cycle	T+5	Settlement: - on-market and off-market settlements - Margins Settlement of JSET Settlement Sweeps – purchases and sales			SAT Activities (08h00 – 10h00)	Fail Trade Processing (10h00 – 12h00)		Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		Margin Refund (created EOD T+3)
	T+4	Commits from CSDPs (15h00)	Rev Sub (12h00) *Move to 16h00 to align with T+3. Vol Rev Sub can be done before 16H00.*		SLB (16h00 - 18h00)	Commits Rev Subs (18h00)	BTB/DPL	SAT Activities		Margin Call (created EOD T+3) EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current

T+3 cycle	T+3 (S)	SAT SLB (08h00 – 10h00) Settlement of JSET Settlement Sweeps – purchases and sales			Failed Trade Processing (10h00 – 12h00)	Settlement – - on-market and off-market settlements - Margins		Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		

	T+2	Brokers Nets – (created EOD T+1)	Vol Rev Subs	Clients instructions	Commits/ BTB (15h00) BTB/DPL	Rev Sub (16h00)	Off-Market Reporting. (11h00 – 15h00)	SLB	Commit Rev Subs (18h00)	Margin Call/Refund (created EOD T+1) *Manual spreadsheets for migration week - This will include Settlement Orders on the T+3 settlement cycle as well as the T+5 settlement cycle* EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current

	T+1	Settlement Alledgements			Clients Instructions	Commits	BTB/DPL	SLB	Margin	Margin Calculations (created EOD T+1) EOD - Creation of JSET Settlement Sweeps – purchases from current to settlement EOD – reports to CSDPs of uncovered controlled clients purchases
	T	Settlement Alledgements			Clients Instructions	SLB	Commits	BTB/DPL		

Friday

T+5 cycle	T+5	Settlement: - on-market and off-market settlements - Margins Settlement of JSET Settlement Sweeps – purchases and sales			SAT Activities (08h00 – 10h00)	Fail Trade Processing (10h00 – 12h00)		Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		Margin Refund
T+3 cycle	T+3 (S)	SAT SLB (08h00 – 10h00) Settlement of JSET Settlement Sweeps – purchases and sales			Failed Trade Processing (10h00 – 12h00)	Settlement – - on-market and off-market settlements - Margins		Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct		

	T+2	Brokers Nets – (created EOD T+2)	Vol Rev Subs	Clients instructions	Commits/ BTB (15h00) BTB/DPL	Rev Sub (16h00)	Off-Market Reporting. (11h00 – 15h00)	SLB	Commit Rev Subs (18h00)	Margin Call/Refund (created EOD T+1) *Manual spreadsheets for migration week - This will include Settlement Orders on the T+3 settlement cycle as well as the T+5 settlement cycle* EOD - Creation of JSET Settlement Sweeps – 1) Freed sales (from settlement to JSET) 2) Freed purchases from JSET to current

	T+1	Settlement Alledgements			Clients Instructions	Commits	BTB/DPL	SLB	Margin	Margin Calculations (created EOD T+1) EOD - Creation of JSET Settlement Sweeps – purchases from current to settlement EOD – reports to CSDPs of uncovered controlled clients purchases
	T	Settlement Alledgements			Clients Instructions	SLB	Commits	BTB/DPL		
	RD	Corporate Actions – NOTE – this is on an exceptional case								

6.4 System related activities during the Migration week from T+5 to T+3 settlement cycle specific to the JSE's systems

Monday

T+5 cycle	T+5	Settlement	Margin Refunds			Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	
	T+4	BOD Margin Calls	Comp Rev Sub (16h00)	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	SAT SLB's and MLB's	Failed Trade Procedures	
	T+3	Voluntary Reverse Substitutions EOD – Margin calculations				EOD - Funds & Securies Avalibility calculated	EOD - Margin Calculations
	T+2	Allocations / Cancellations / Re-allocations				EOD - Funds & Securies Avalibility calculated	EOD Sweeps and Brokers/Clients nets EOD – reports to CSDPs of uncovered controlled clients purchases
	T+1	Late Trades received from RTDS	Allocations / Cancellations / Re-allocations			EOD - Funds & Securies Avalibility calculated	
T+3 cycle	T	New Trades received from RTDS	Allocations / Cancellations / Re-allocations			EOD - Funds & Securies Avalibility calculated	

Tuesday

T+5 cycle	T+5	Settlement	Margin Refunds			Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	
	T+4	BOD Margin Calls	Comp Rev Sub (10h00)	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	SAT SLB's and MLB's	Failed Trade Procedures	
	T+3	Voluntary Reverse Substitutions				EOD - Funds & Securies Avalibility calculated	EOD - Margin Calculations
	T+2	Allocations / Cancellations / Re-allocations				EOD - Funds & Securies Avalibility calculated	EOD Sweeps and Brokers/Clients nets EOD – reports to CSDPs of uncovered controlled clients purchases
T+3 cycle	T+1	Late Trades received from RTDS	Allocations / Cancellations / Re-allocations	EOD - ECS receives reasons for uncommits from CSDPs	EOD - Funds & Securies Avalibility calculated	EOD - Margin Calculations	EOD Sweeps and Brokers/Clients nets EOD – reports to CSDPs of uncovered controlled clients purchases
	T	New Trades received from RTDS	Allocations / Cancellations / Re-allocations			EOD - Funds & Securies Avalibility calculated	

	LDT						

Wednesday

T+5 cycle	T+5	Settlement	Margin Refunds	SAT SLB's and MLB's	Failed Trade Procedures	Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	
	T+4	BOD Margin Calls	Intra day Funds & Securies Avalibility calculated on Controlled Deals	Comp Rev Sub (16H00) *Move to 16h00 to align with T+3. Vol Rev Sub can be done before 16H00.*	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	SAT SLB's and MLB's	
	T+3	Voluntary Reverse Substitutions				EOD - Funds & Securies Avalibility calculated	EOD - Margin Calculations
T+3 cycle	T+2	BOD Margin Calls	Intra day Funds & Securies Avalibility calculated on Controlled Deals	Comp Rev Sub (16H00)	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	EOD - Funds & Securies Avalibility calculated Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	Terminating transactions to JSE *Manual spread sheets for migration week*
	T+1	Late Trades received from RTDS	Allocations / Cancellations / Re-allocations	EOD - Funds & Securies Avalibility calculated	EOD - ECS receives reasons for uncommits from CSDPs	EOD - Margin Calculations	EOD Sweeps and Brokers/Clients nets EOD – reports to CSDPs of uncovered controlled clients purchases

	T	New Trades received from RTDS	Allocations / Cancellations / Re-allocations			EOD - Funds & Securies Avalibility calculated	

Thursday

T+5 cycle	T+5	Settlement	Margin Refunds	SAT SLB's and MLB's	Failed Trade Procedures	Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	
	T+4	BOD Margin Calls	Intra day Funds & Securies Avalibility calculated on Controlled Deals	Comp Rev Sub (16H00) *Move to 16h00 to align with T+3. Vol Rev Sub can be done before 16H00.*	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	SAT SLB's and MLB's	
T+3 cycle	T+3 (S)	SAT SLB (08h00 – 10h00)	Failed Trade Processing (10h00 – 12h00)	Settlement		Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	Margin Released next business day
	T+2	BOD Margin Calls	Intra day Funds & Securies Avalibility calculated on Controlled Deals	Comp Rev Sub (16H00)	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	EOD - Funds & Securies Avalibility calculated	Terminating transactions to JSE *Manual spread sheets for migration week*
	T+1	Late Trades received from RTDS	Allocations / Cancellations / Re-allocations	EOD - Funds & Securies Avalibility calculated	EOD - ECS receives reasons for uncommits from CSDPs	EOD - Margin Calculations	EOD Sweeps and Brokers/Clients nets EOD – reports to CSDPs of uncovered controlled clients purchases

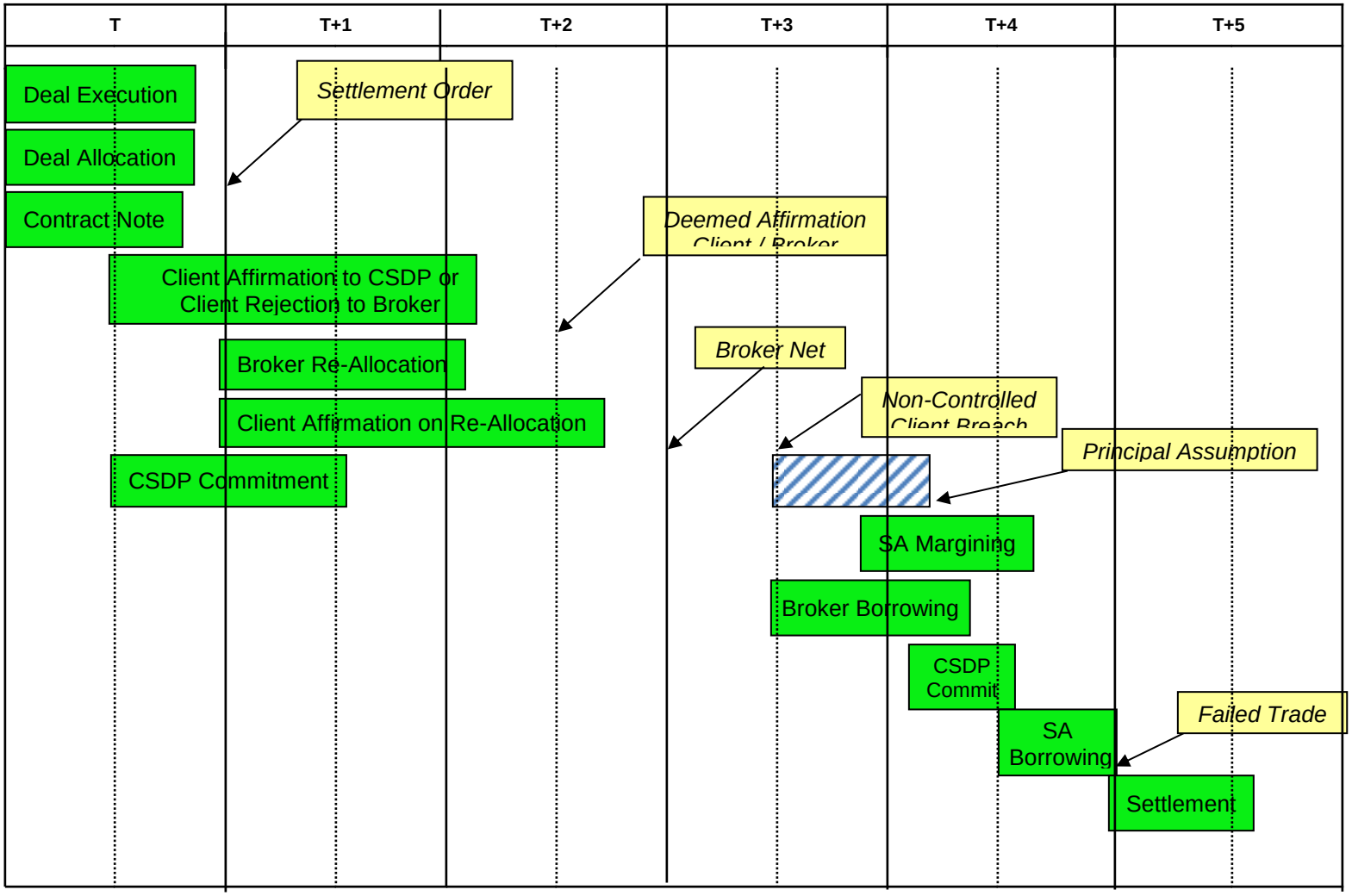
	T	New Trades received from RTDS	Allocations / Cancellations / Re-allocations			EOD - Funds & Securies Avalibility calculated	

Friday

T+5 cycle	T+5	Settlement	Margin Refunds	SAT SLB's and MLB's	Failed Trade Procedures	Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	
T+3 cycle	T+3 (S)	SAT SLB (08h00 – 10h00)	Failed Trade Processing (10h00 – 12h00)	Settlement		Movement of unfreed purchases from Controlled Clients Custody Acct to Proprietary Custody Acct	Margin Released next business day
	T+2	BOD Margin Calls	Intra day Funds & Securies Avalibility calculated on Controlled Deals	Comp Rev Sub (16H00)	Intra day Funds & Securies Avalibility calculated on Compulsory and Vuluntary Reverse Substituted Deals	EOD - Funds & Securies Avalibility calculated	Terminating transactions to JSE *Manual spread sheets for migration week*
	T+1	Late Trades received from RTDS	Allocations / Cancellations / Re-allocations	EOD - Funds & Securies Avalibility calculated	EOD - ECS receives reasons for uncommits from CSDPs	EOD - Margin Calculations	EOD Sweeps and Brokers/Clients nets EOD – reports to CSDPs of uncovered controlled clients purchases
	T	New Trades received from RTDS	Allocations / Cancellations / Re-allocations			EOD - Funds & Securies Avalibility calculated	
	RD						

6.5 Comparisons between the T+5 and T+3 Settlement Cycles

Current T+5 on-market settlement cycle



T+3 on-market settlement cycle

Note: *Although there are specific times within the cycle where the JSE Settlement Authority will take actions, the JSE Settlement Authority may take these actions earlier in the cycle i.e. Failed Trade procedures may be initiated at 16h00 on T+2.*

The differences between a T+5 and T+3 settlement cycle are as follows:

Action	Action Description	Completed by / Resulting from	Current Timings: T+5	Future Timings: T+3
Deal Execution	Trades received by members and executed on the trading system	Clients / JSE members	Real-time	**Real-time**
Deal Allocation	After trades have been executed and received by BDA – members allocate to clients account	JSE members	Real-time	**Real-time**
Contract Note	Contract note – referred to as a trade confirmation – is sent to the client after the allocation has been completed	JSE members	T (Real-time after allocations)	**T (Real-time after allocations)**
Settlement Orders – non-controlled clients	After the allocation to the clients account - generation of settlement instructions – settlement orders – to Strate who in turn generate allgements to the applicable CSDPs	JSE members	T (Real-time after allocations)	**T (Real-time after allocations)**
Client Settlement Instruction to CSDP / Rejection to broker	Clients instruction to the CSDP or rejection of the Contract Note to the member	Client	T+2 (12h00)	**T+1 (18h00)**
Deemed Affirmation Client	If client does not reject the Contract Note it is deemed to be valid	Client	T+2 (12h00)	**T+1 (18h00)**
Broker Re-allocation	Where the client rejects the Contract Note the member has to fix details and resend the corrected contract note to the client	JSE members	T+2 (16h00)	**T+1 (18h00)**
Client Settlement Instruction on Reallocation	Clients instruction to the CSDP	Client	T+2 (16h00)	**T+1 (18h00)**

Brokers nets – Proprietary and Controlled Client Nets	Aggregation of deals for Proprietary and Controlled clients and generation of nets	JSE members	T+2 (EOD)	**T+1** **(EOD)**
Margining	Margining of uncovered positions	JSE members	T+3 (EOD)	**T+1** **(EOD)**
CSDP Commitment	CSDPs commit to settlement orders from receipt of the settlement allgements until Compulsory Reverse Substitution.	CSDPs	From T+1 to 12h00 on T+4	**Real-time T to 16h00 on T+2**
Non-controlled Client Breach	Where the client has not placed their CSDP in a position to commit	Client	T+3 (12h00)	**T+2** **(12h00)**
Principal Assumption – referred to as *Compulsory Reverse Substitution*	Non-controlled and controlled clients (Sales) settlements are reversed back to the executing JSE member	JSE members	T+4 (12h00)	**T+2** **(16h00)**
Broker borrowing on Principal Assumption (Compulsory Reverse Substitution)	Member borrows shares – in the case of a sale – to ensure settlement takes place	JSE members	T+4 (12h00 to 14h00)	**T+2** **(16h00 to 18h00)**
CSDP Commit	CSDP commits to Compulsory Reverse Substitution	CSDP	T+4 (12h00 to 14h00)	**T+2** **(16h00 to 18h00)**
Settlement Authority SLB	Where the member can't borrow – JSE Settlement Authority steps in as lender of last resort	JSE Settlement Authority	T+4 (14h00 to 16h00)	**T+3** **(08h00 to 10h00)**
Failed Trade Procedures *These procedures could include:* - *Rolling Of Settlement* - *Failed Trade with a Re-transactions* - *Failed Trade with Compensation*	Where JSE Settlement Authority cannot borrow the securities	JSE Settlement Authority	T+4 (16h00 to 18h00)	**T+3 (10h00 to 12h00)**

Settlement			T+5	**T+3**

T+3 Market timelines relating to on-market transactions

The table below reflects the timing of activities for on-market transactions including links by CSDPs and actions taken by the JSE Settlement Authority. These timelines reflect the minimum time allowed.

Trade Type	Settlement Cycle	Reporting Time	Commit Time	Strate BTB Removal (Before Reverse Substitution)	JSE Principle Assumption (Reverse Substitution)	Broker borrowing	Commit for SA / SLB BP Orders	Strate BTB Removal (After Reverse Substitution)
JSE On-market	T+3	From T to T+1 (EOD)	15h00 (S-1)	15h15 (S-1)	16h00 (S-1)	16h00 to 18h00 (S-1)	18h00 (S-1)	18h15 (S-1)
JSE Same Day (Securities Lending & Borrowing) (SLB)	T+0	10h00 (S)	11h00 (S)					
JSE Same Day (Money Lending & Borrowing) MLB	T+0	10h00 (S)	11h00 (S)					
JSE Rolling of Settlement (to resolve the settlement issue for current settlement)	T+0	11h00 (S)	12h00 (S)					
JSE Rolling of Settlement (Future Settlement)	Min T+2	11h00 (T+1)	15h00 (S-1)	15h15 (S-1)	16h00 (S-1)	16h00 to 18h00 (S-1)	18h00 (S-1)	18h15 (S-1)
JSE Failed Trades	T+0	11h00 (S)	12h00 (S)					

JSE Retransactions	T+3		15h00 (S-1)	15h15 (S-1)	16h00 (S-1)	14h00 to 16h00 (S-1)	18h00 (S-1)	18h15 (S-1)

T+3 Market timelines relating to off-market transactions

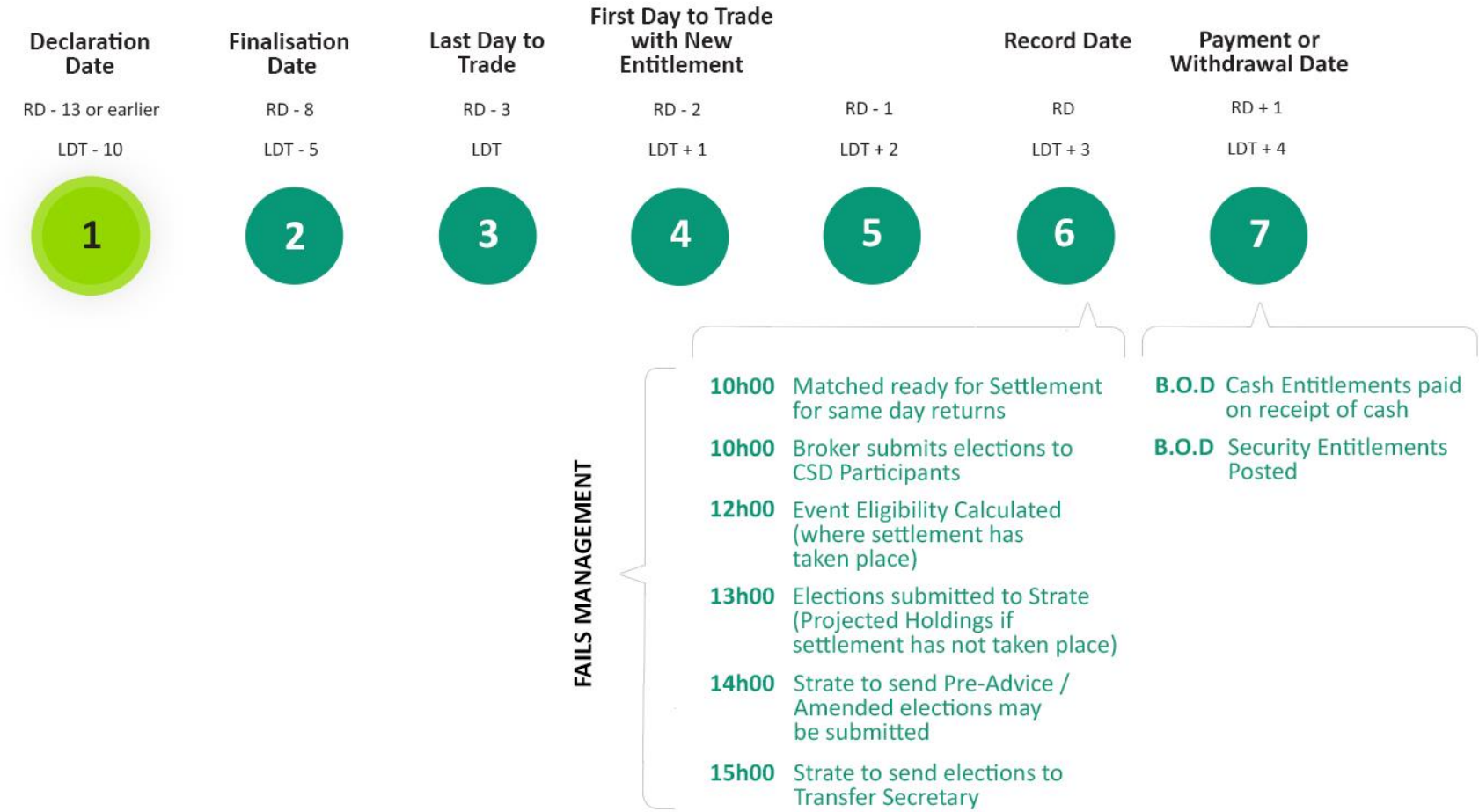
The table below reflects the timing of activities for off-market transactions. These timelines reflect the minimum time allowed.

Trade Type	Settlement Cycle	Reporting Time	Commit Time
Corporate Actions (Client Type 23) – Issuer CSDP	Min T+0	13h00 (S)	15h00 (S) Against Payment 17h00 (S) Free of Payment
Corporate Actions (Client Type 23) – Other CSDP	Min T+0	13h00 (S)	15h00 (S) Against Payment 17h00 (S) Free of Payment
Off-Market (Client Type 00)	T+3	12h00 (S-1)	15h00 (S-1)
DR (Depository Receipts – Type 40)	Min T+0	18h00 (S)	18h00 (S)
DR (Depository Receipts – Type 40) *Record date where there is a Corporate Action*	Min T+0	09h00 (S)	10h00 (S)
Account Transfer (Client type 30)	Min T+0	18h00 (S)	18h00 (S)
Account Transfer (Client type 30) *Record date where there is a Corporate Action*	Min T+0	09h00 (S)	10h00 (S)
Portfolio Moves (Client type 31)	Min T+0	18h00 (S)	18h00 (S)
Portfolio Moves (Client type 31) *Record date where there is a Corporate Action*	Min T+0	09h00 (S)	10h00 (S)
Lending Account Transfers (Client Type 33)	Min T+0	18H00 (S)	18h00 (S)

Lending Account Transfers (Client Type 33) *Record date where there is a Corporate Action*	Min T+0	09h00 (S)	10h00 (S)
Off-market SLB (Client Type 50)	Min T+0	13h00 (S)	15h00 (S)
Off-market SLB on RD (Client Type 50) (unless involved with fails management)	Min T+0	09h00 (S)	10h00 (S)
Normal SLB (Client type 51)	Min T+0	13h00 (S)	15h00 (S)
Normal SLB on RD (Client type 51) (unless involved with fails management)	Min T+0	09h00 (S)	10h00 (S)
Where a SLB is booked with an On-Market Dependency (Client type 50 and 51)	Min T+1	13h00 (S-1)	15h00 (S-1)
Where a SLB is booked with an Off-Market Dependency (Client type 50 and 51)	Min T+1	13h00 (S-1)	15h00 (S-1)
SLB Returns (Client type 52)	Min T+0	15h30 (S)	17h00 (S)
SLB Returns on RD (Client type 52)	Min T+0	09h00 (S)	10h00 (S)
Collateral (Client type 53)	Min T+0	15h00 (S)	17h00 (S)
Collateral Withdrawal (Type 54)	Min T+0	15h00 (S)	17h00 (S)
Collateral on RD (Client type 53)	Min T+0	09h00 (S)	10h00 (S)

Collateral Withdrawal on RD (Client type 54)	Min T+0	09h00 (S)	10h00 (S)

1. **Elective Events**



Conversion

W	T	F		M	T	W	T	F	M	T
T	T+1	T+2	C	T+3	T+4	T+5				
	T	T+1	O	T+2	T+3	T+4	T+5			
		T	N	T+1	T+2	T+3	T+4	T+5		
			V	T	T+1	T+2	T+3		CA	
			E		T	T+1	T+2	T+3	CA	
			R			T	T+1	T+2	T+3	
			S				T	T+1	T+2	T+3
			I					T	T+1	T+2
			O							
			N		LDT			RD/RD	PD/PD	

7. DETAILED BUSINESS REQUIREMENTS

7.1 Trades

7.1.1 Originating System

RTDS

7.1.2 Related Message

RTDS to ECS and BDA - RTDS0002

7.1.3 Impact

All trades received before the “Go-live” weekend must be processed according to the T+5 Settlement Cycle. All trades received after the “Go-Live” weekend must be processed according to the T+3 Settlement Cycle.

The Trade Date of Backdated Trades will be used to determine which Settlement Cycle the Trade must be processed in.

7.2 Allocations

7.2.1 Originating System

BDA

7.2.2 Related Message

BDA to ECS Allocations – BDA0001
BDA to ECS Cancellations – BDA0002

7.2.3 Impact

All allocations received before the “Go-live” weekend must be processed according to the T+5 Settlement Cycle. All allocations received after the “Go-Live” weekend, unless backdated, must be processed according to the T+3 Settlement Cycle.

The allocation cancellations and re-allocations will have the trade date of the original allocation and therefore will have the same settlement cycle as the original allocation.

7.3 New Instruments

7.3.1 Originating System

RDS

7.3.2 Related Message

RDS to ECS and BDA - RDS0001

7.3.3 Impact

None

7.4 New Members

No new members will go-live over the migration period.

7.4.1 Originating System

RDS

7.4.2 Related Message

RDS0134

7.4.3 Impact

None

7.5 Client Accounts

7.5.1 Originating System

BDA

7.5.2 Related Messages

BDA to ECS - BDA0004 – New
BDA to ECS - BDA0005 - Deactivate

7.5.3 Impact

None

7.6 Securities & Funds Availability

7.6.1 Originating System

BDA

7.6.2 Related Messages

BDA to ECS - BDA0007
BDA to ECS - BDA0009C and BDA0009P – Compulsory Reverse Substitution

7.6.3 Impact

BDA calculates the availability of Securities and Funds for Controlled and Proprietary accounts. During the migration week, a sale traded in the T+3 Settlement cycle, after a purchase traded in the T+5 Settlement cycle, could settle before the purchase.

BDA will not take the purchase into consideration when calculating the availability of Securities and Funds, and the sale could potentially be calculated as "short on securities" causing the Sale to go into Compulsory Reverse Substitution.

An additional run to calculate the availability of Securities and Funds on Controlled Deals will be run on BDA before the Compulsory Reverse Substitution run on ECS at 16H00 on T+2.

7.7 Voluntary Reverse Substitutions

7.7.1 Originating System

BDA

7.7.2 Related Messages

BDA to ECS - BDA0006

7.7.3 Impact

All Voluntary Reverse substitutions on deals received before the "Go-live" weekend must be processed according to the T+5 Settlement Cycle timelines and all Voluntary Reverse substitutions on deals received after the "Go-Live" weekend must be processed according to the T+3 Settlement Cycle timelines.

Voluntary Reverse substitutions must be received on T+3 and T+4 in the T+5 Settlement Cycle, and on T+2 in the T+3 Settlement Cycle.

7.8 Compulsory Reverse Substitution

7.8.1 Originating System

ECS

7.8.2 Related Messages

ECS to BDA - ECS0004

7.8.3 Impact

All deals with a trade date before the “Go-live” weekend must be reverse substituted according to the T+5 Settlement Cycle timelines (on T+4). All deals with a trade date after the “Go-Live” weekend must be reverse substituted according to the T+3 Settlement Cycle timelines (on T+2).

In the T+5 settlement cycle, the “Compulsory Reverse Substitution run” is run at 10H00 and in the T+3 settlement cycle it is run at 16H00.

To simplify matters, we will only run the “Compulsory Reverse Substitution run” once a day at 16H00 from the Wednesday of the migration week. This will be the first “Compulsory Reverse Substitution run” for the deals in the T+3 settlement cycle.

7.9 Margining

7.9.1 Originating System

ECS

7.9.2 Related Messages

ECS to BDA – ECS0005

7.9.3 Impact

The ECS system will also have to manage the different timelines for the margin calculations, margin calls and margin releases for the deals in the T+5 Settlement Cycle and the deals in the T+3 Settlement Cycle.

Cycle	Margin Calculation	Margin Calls	Margin Releases
T+5 Settlement	EOD T+3	BOD T+4	BOD T+5 (on Settlement day)
T+3 Settlement	EOD T+1	BOD T+2	BOD T+3 (on Settlement day unless margin is held back for fails management purposes)

7.10 Creation of Settlement Orders

7.10.1 Originating System

ECS:

- Broker nets – Proprietary and Controlled Clients
- Margining
- Non-controlled clients

7.10.2 Related Messages

ECS to Strate – MT598-113
ECS to BDA – ECS0001

7.10.3 Impact

The Settlement Orders for T+5 and T+3 will be created in the separate Settlement Groups where the settlement date, specie and Fungibility are the same.

7.11 Status Intimations

7.11.1 Originating System

Strate

7.11.2 Related Messages

Strate to ECS – MT548-0101 and MT548-0601
ECS to BDA – ECS0003 (Commits, Lift commits, Settlements)

7.11.3 Impact

Timing difference.

7.12 Brokers Nets – Proprietary and Controlled Clients Nets

7.12.1 Originating System

ECS

7.12.2 Related Messages

ECS to BDA – Proprietary and Controlled Clients Nets – ECS0001

7.12.3 Impact

The ECS system must create separate nets for the deals in the T+5 Settlement Cycle which are netted EOD T+2, to the deals in the T+3 Settlement Cycle which are netted EOD T+1.

The first “Brokers Nets processing” for the T+3 Settlement Cycle will occur on the Tuesday night of the migration week. The ECS batch run will need to be able to identify which allocations are in which settlement cycle and process accordingly. BDA will be able to identify which brokers nets settlement orders are in the T+3 Settlement Cycle from the Settlement date in the ECS0001.

7.13 Clearing Suspense Accounts

7.13.1 Originating System

ECS

7.13.2 Related Message

ECS to BDA – ECS0014

7.13.3 Impact

Un-allocated trades in the T+5 Settlement Cycle must only be cleared from the Brokers Clearing Suspense Account at EOD T+2 and un-allocated trades in the T+3 Settlement Cycle must be cleared from the Brokers Clearing Suspense Account at EOD T+1.

The ECS batch run will need to be able to identify which un-allocated trades are in which settlement cycle and process accordingly.

7.14 SLB's and MLB's

7.14.1 Originating System

ECS

7.14.2 Related Message

SLB to Strate – MT598-130/131/132
MLB to Strate – MT598-113

7.14.3 Impact

All deals received before the "Go-live" weekend must be processed according to the T+5 Settlement Cycle. All deals received after the "Go-Live" weekend must be processed according to the T+3 Settlement Cycle.

SLB's and MLB's will be processed on T+4 in the T+5 settlement cycle.

SLB's and MLB's will be processed on T+3 in the T+3 settlement cycle.

7.15 SLB Loan Book Valuation – Top-ups

7.15.1 Originating System

ECS

7.15.2 Related Message

SLB to Strate – MT598-113

7.15.3 Impact

The RisCura rates are used to re-calculate the collateral requirements daily. The ECS system must use the correct RisCura rates for the required settlement cycle.

7.16 MLB Loan Book Valuation – Top-ups

7.16.1 Originating System

ECS

7.16.2 Related Message

MLB to Strate – MT598-113

7.16.3 Impact

Timelines

7.17 Rolling of Settlement

7.17.1 Originating System

ECS

7.17.2 Related Message

ECS to BDA - ECS0031

ECS to Strate and CSDPs:

- MT 598-116
- MT 598-117 (where a non-controlled client)
- MT 598-118

7.17.3 Impact

The new Rolling of Settlement processing in ECS will only be used for deals in the T+3 settlement cycle. The contra deals used for Rolling of Settlement can be selected from deals in both Settlement cycles.

7.18 Failed Trades

7.18.1 Originating System

ECS

7.18.2 Related Message

ECS to BDA – ECS0032

ECS to Strate and CSDPs:

- MT 598-116
- MT 598-117 (where a non-controlled client)
- MT 598-118

7.18.3 Impact

The new Failed Trade processing in ECS will only be used for deals in the T+3 Settlement Cycle. The contra deals used for Failed Trades can be selected from deals in both settlement cycles.

7.19 BDA – Terminating Transactions

7.19.1 Originating System

BDA

7.19.2 Related Message

BDA to ECS – BDA0010

7.19.3 Impact

List of terminating transactions for Proprietary and Controlled Clients which can be chosen by ECS for Rolling of Settlement or Failed Trades.

7.20 Back-to-Back Links

7.20.1 Originating System

CSDPs

7.20.2 Related Message

CSDPs to Strate (Strate to JSE) – MT 598-103

7.20.3 Impact

Settlement orders settling on the same day for the same instrument, on the same clients' account which are linked for settlement – a purchase and sale.

7.21 Dependency Links

7.21.1 Originating System

CSDPs

7.21.2 Related Message

CSDPs to Strate (Strate to JSE) – MT 598-104

7.21.3 Impact

Settlement orders settling on different days for the same instrument, on the same clients' account which are linked for settlement – a purchase and sale.

8. GLOSSARY

Define all terms, abbreviations and acronyms that are new, business specific and required to interpret this document.

	Abbreviation / Term	Meaning
KEY	S	Settlement Day
	T	Trade Day
	RD	Record Date
	LDT	Last Day to Trade
	PD	Payment Day
	BTB	Back-to-Back
	SA	Settlement Authority
	BP	Business Partner
	SLB	Securities Lending & Borrowing
	BDA	Broker Deal Accounting system
	RDS	Reference Data System
	RTDS	Real-Time Data Store
	BOD	Beginning Of Day
	EOD	End Of Day
	BTB	Back-To-Back link created by the CSDP where there are links between 2 transactions settling on the same day
	DPL	Dependency link created by the CSDP where there are links between 2 transactions settling over settlement days
	On-market	Transactions executed on the JSE
	Off-market	Transactions not executed through the JSE – reported by CSDPs to settle through Strate
	ECS	Equities Clearing System
	Failed Trade Procedures	Where the JSE Settlement Authority is unable to enter into a Securities Lending & Borrowing transaction, the *Failed Trade Procedures* will be instigated. This could result in: • Rolling Of Settlement • Failed Trade with a Re-transactions • Failed Trade with Compensation

	Rolling of Settlement	The action taken by the JSE Settlement Authority to roll the settlement date of a failing and a non-failing transaction to a future settlement date – typically a new T+3 settlement cycle
	Failed Trade Retransaction	The action taken by the JSE Settlement Authority to instruct a member to retransact for the non-failing client which will be booked to the client for a future settlement date – typically a new T+3 settlement cycle
	Failed Trade Compensation	The action taken by the JSE Settlement Authority to pay compensation between the failing and non-failing parties