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JSA Working Group Session
2 October 2017

Agenda



- Background of the JSE Services Agreement (JSA)
- JSA Detail
 - JSA Benefits
 - Master Agreement
 - Order Forms
- JSA Comments
- Q&A

Background of the JSE Services Agreement (JSA)



- JSA has been in place since January 2002 for the Equity Market and was implemented under a different landscape
- There has been recent and impending legislative changes e.g. data protection and privacy
- Enhanced the agreement to include:
 - Updates from historical comments received previously
 - Service levels and service credits
- Through ITaC, the Equity Derivatives and Currency Derivatives markets will be migrated to the new technology and is included in the JSA from the go-live date
- JSA consists of a master agreement with underlying Order Forms for the various Services as elected by the Customer

JSA ensures that:

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

JSA - Master Agreement



- The services cover aspects of the JSE's regulated business
- In the event of a conflict in the JSA with the S.A Financial Markets Act (FMA) and JSE Rules, the FMA and JSE Rules will prevail
- Duration and Termination of the Agreement
 - Customer may terminate on 2 months notice
 - JSE may terminate on 12 months notice to the customer
 - Certain provisions endure beyond termination
- Fees
 - JSE to give 30 days notice for fee revisions
 - Payment needs to be timeous (due to margin and booking fees payments being combined)
- Services
 - Some services are conditional upon JSE membership
 - Notification of planned changes and those with material impact require more notice
 - Limited and specific events may necessitate emergency changes with short notice
- Updates to recognise developments and trends regarding cyber security

- Liability, Service Levels and Service Credits
 - Previously JSE had no liability for direct damages except for wilful misconduct, now amended to direct damages capped to 3 months' fees relating to the impacted Service less any Service Credits except for wilful misconduct and Customer's obligation to pay the fees
 - Indirect liability remains excluded
 - Service Level Guidelines replaced with Service Levels and Service Credits for specific Service Level misses
- General Client Obligations
 - Notify JSE:
 - Event of a default (linked to membership requirement and standard agreement for all types of clients)
 - If cease to use services
 - If unauthorised person receiving services
 - If security compromised
 - Use services as allowed for in the Services Documentation
 - Supply information needed

JSA Updates - Revised existing Order Forms and Elected Services



- Revised **Trading and/or Information Services** order form for the **Equity Market**
 - Production Service - Service Level Guidelines converted to Service Levels and Service Credits added for missing the Trading Availability Service Level calculated on a sliding scale
 - Customer Test Service – Service Levels guidelines converted to Service Levels
- Revised **Colocation Services order form**
 - Clarification w.r.t the adding of additional Hosting Units during the Service Term
 - Service Level Guidelines converted to Service Levels and Service Credits for missing Network Round Trip Latency Service Levels (currently equity and derivatives will be included from ITaC go-live) calculated on a sliding scale
- Revised the **Shared Infrastructure Provider Services** order form – minor changes to add Deal Management and Clearing Gateway to the Order Form
- Revised the **London PoP Services** order form - Service Level Guidelines converted to Service Levels

JSA Updates - New Order Forms and Elected Services



- **New BDA Services for the Equity Market**
 - Production Service Levels added
 - Service Credits for a miss of the BDA Availability Service Level calculated on a sliding scale
- **New Trading and/or Information Services order form for the Derivatives Market**
 - Production Service Levels added
 - Service Credits for a miss of the Trading Availability Service Level calculated on a sliding scale
 - Customer Test Service (CTS) – Service Levels added
- **New Deal Management and Clearing Services order form for the Derivatives Market**
 - Production Service Levels added
 - Service Credits for a miss of the Deal Management and Clearing Availability Service Level calculated on a sliding scale
 - Customer Test Service (CTS) – Service Levels added

- Changes to Services – clause 6.1 and 6.2.2
 - JSE will strive to give notice but regulator or market integrity may require JSE to act without notice
- Information required for JSE to provide services – clause 7.3
 - It is important that the client provide us with accurate and timeous information. The JSE only asks for information it requires.
- Cease use of services and /or return or delete JSE documentation or data or confidential information - clause 9.5 and 13.7
 - Ability to retain information is provided for if it is as a result of an applicable law.
 - JSE is not able to determine each client’s unique situation or position and a contractual provision giving any client the ability to do this would not work. In the event of termination a client can always approach the JSE with its unique circumstances for consideration.



- Security requirements
 - FMA contains related obligations and requirements and therefore not repeated in the JSA
- Affiliated companies of a client are not able to use JSE services without their own JSA in place
 - JDA allows affiliates as this is use of data and not use of services but JSA governs different types of services which are linked in most instances to JSE membership
- Fees
 - JSE could consider remediation period for certain services in related order forms

Questions and Answers?

JSE



Should you have any queries, please contact us on:

JSA@jse.co.za

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