



CSDs: Strate (South Africa)

Date: 31 Aug 2010

SMI Markets: South Africa

CMIRR Markets: South Africa

Strate Publishes New Amendments to Its Regulations

STRATE has issued a series of amendments to its regulation concerning operational market guidelines, and to its fines and fees schedules.

1) Operational Market Window

STRATE issued Special Gazette No B3-2010 (Directive SFF) implementing a series of changes to the operational market windows for bonds from 1 September 2010. The new regulation amends the deadlines for commitment to settlement, reporting problems, exclusions and the procedures that apply to settlement runs.

To see the text of the directive, click here: [Special Gazette No B3-2010 Directive SFF](#).

2) Fine Schedule for Fixed Income

STRATE has also issued new fine schedule for both on-exchange and over-the-counter (OTC) bond market, effective from 1 September 2010.

For the detailed fines schedule, please refer to original document here: [Special Gazette No B3-2010 \(Directive SFB\)](#).

3) Fees for Equity

Finally, STRATE has updated some of the fees applicable to equity. The updated schedule, published in Special Gazette No S6-2010 (Directive SAF) and effective from 1 October 2010, is shown below:

Warrant Fees	Fees After Tax	Fees Before Tax
Up-front		
New Warrant	ZAR 6,832.67 once-off per warrant	ZAR 6,993.57 once-off per warrant
Warrants Expiry In The Money	ZAR 6,832.67 per warrant	ZAR 6,993.57 per warrant
Warrants Expiry Out The Money	ZAR 6,832.67 per warrant	ZAR 6,993.57 per warrant
Transaction	ZAR 0.79 per JSE Trading System trade	ZAR 0.69 per JSE Trading System trade
Additional listing	ZAR 3,316.83 per additional listing	ZAR 2,909.50 per additional listing
Ad Hoc beneficiary download	ZAR 1.14 per line with a minimum fee of ZAR 57.00 and a maximum fee of ZAR 1,710.00 per market participant, plus the Strate processing fee of ZAR 5,487.85	ZAR 1.00 per line with a minimum fee of ZAR 50.00 and a maximum fee of ZAR 1,500.00 per market participant, plus the Strate processing fee of ZAR 4,813.90
Beneficiary download	ZAR 150.77 per warrant	ZAR 132.25 per warrant
Warrant roll-over	ZAR 3,015.30 per warrant	ZAR 2,645.00 per warrant

CSD Risk Impact

Strate (South Africa)

CSD Rating: AA-
CSD Flash Impact: Stable

Impacted Risk Type: Liquidity Risk
Current Rating = AA
Flash Impact = Stable

Impacted Risk Type: Financial Risk
Current Rating = A+
Flash Impact = Stable

The amendments to the STRATE's fees schedule are not expected to have any material impact on the organisation's revenue. In addition, the new fines for not complying with the reporting requirement should not have significant impacts on liquidity since such arrangements are already in place.

The amendments to the operational market windows for fixed income, which adjust settlement instructions and timelines to report problems with specific transactions, are aimed at improving the mechanisms to cope with trades that could fail. That said, it remains to be seen if new operational guidelines will have a significant effect on settlement liquidity.

Hence, the impacts on financial risk and liquidity risk are deemed as "Stable".

Market Information Impact

South Africa

This information affects the data contained in the Market Charges sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

South Africa

Market Rating: AA-
Market Flash Impact: Stable

Impacted Risk Type: Liquidity Risk
Current Rating = AA-
Flash Impact = Stable

Impacted Risk Type: Financial Risk
Current Rating = A
Flash Impact = Stable

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The amendments to the operational market windows for fixed income, which adjust settlement instructions and timelines to report problems with specific transactions, are aimed at improving the mechanisms to cope with trades that could fail. That said, it remains to be seen if new operational guidelines will have a significant effect on settlement liquidity.

Hence, the impacts on financial risk and liquidity risk are deemed as "Stable".

Related Flash: [Strate is to Implement New Fees for Bonds, 20/08/2010 \(click to view\)](#)

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