

Bond CCP Project Update

Market Communication Session

10 September 2025

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JSX | CLEAR

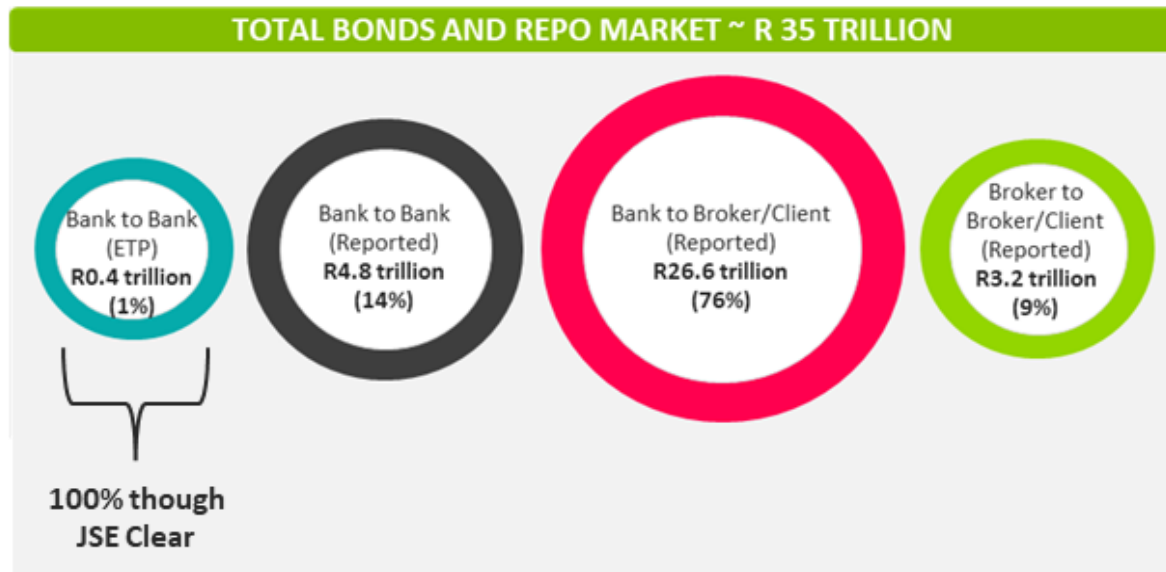
- **Background**
 - Stakeholder technical impacts
 - Project progress
 - Updated timelines
 - Next steps
 - Q&A

CCP clearing enables a safer, more attractive SA Bonds market, encouraging greater liquidity and broader participation

- **CCP will grow the ETP market** by allowing the participation of non primary dealer counterparties to participate in this anonymous onscreen market.
- **Bond CCP infrastructure for the ETP can be leveraged for the remainder of the market.**
- **CCP clearing is global best practice, actively promoted by regulators:**
 - Standardized, fully transparent risk management – instead of bespoke and inconsistent bilateral arrangements.
 - Improved market credibility and integrity.
 - We are one of few jurisdictions globally that does not have CCP clearing for its cash equities and bonds market.
- **CCP clearing will unlock the following market benefits:**
 - **greater trade liquidity** and participation from international market participants by aligning our clearing risk models to global standards;
 - **better market protection** through reduced counterparty credit risk, increased transparency and standardised processes;
 - **lower regulatory capital and margin costs** through multilateral netting and cross product margin offset;
 - **reduced administrative and operational complexities** of needing to perform individual credit assessments and signing of GMRAs for bilateral trading; and
 - **Increased opportunity for buy-side trading** by enabling them to trade on central orderbooks and settle via clearing members.

Project drivers & who is impacted by this project

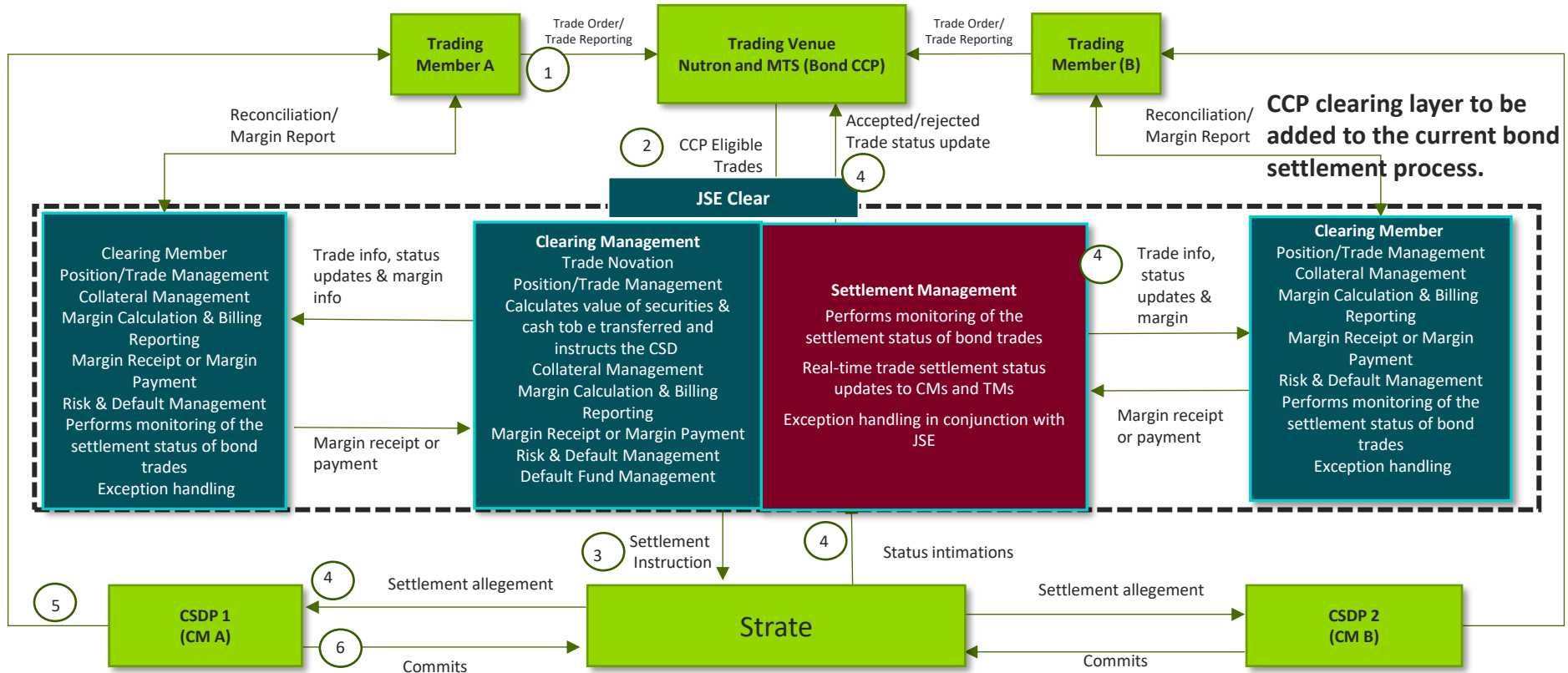
- National Treasury has mandated CCP clearing for the ETP market.
 - Mandate = All ETP trades **MUST** be cleared through JSE Clear.
- JSE Clear will build the capability to clear cash bonds for the ETP market, and this infrastructure will also fully support clearing of the reported market which is elective for clearing.
- The changes introduced on the Interest Rate & Cash Bonds Markets trading & clearing system will affect all participants not just the primary dealers



Building the foundation

Description:	CCP clearing of SA government bonds and repos executed between primary dealers via the JSE ETP and JSE Reported markets.
Execution markets:	<ul style="list-style-type: none"> • JSE ETP • JSE Reported (non-mandatory)
Trading participants:	<ul style="list-style-type: none"> • Primary Dealers
Issuer segment:	<ul style="list-style-type: none"> • SA Government bonds
Product types:	<p><u>Cash bonds</u></p> <ul style="list-style-type: none"> • Zero coupon • Nominal (fixed coupon and floating-rate coupon) • Inflation-linked <p>Settlement: from trade date (same day settlement) to any future date up to 12 months from trade date*.</p> <p><u>Bond Buy Sell Backs / Sell Buy Backs</u></p> <ul style="list-style-type: none"> • Zero coupon • Nominal (fixed coupon and floating-rate coupon) • Inflation-linked <ul style="list-style-type: none"> • Rate type: Fixed repo rate • Tenor type: Closed (i.e. Settlement Date is up to a maximum of 12 months from Trade Date)

Bond CCP | Illustrative view of Bond CCP clearing & settlement model



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Clearing Members

Impact

- GCMS Updates
 - API changes
 - Implementation of the new risk methodology for cleared trades
 - Changes to the daily account summary
- Other reporting and accounting changes
- Downstream integration
- Clearing agreements with primary dealers

Note:

- Required to cover client with stock if client cannot meet settlement obligations

Primary Dealers (PDs)

- No impact to ETP trading

Impact

- Nutron API changes for the Reported market
- ETP trades and status intimations available via Nutron API / NUTRON front end
- Margin and clearing fees via Clearing Member (using new margin methodology)
- Reporting changes
- Downstream system integration work

Trading Members (Non-PDs)

Impact

- Nutron API changes
- Updated NUTRON front end

Software Providers

Impact

- Nutron API changes

STRATE

- No change to the existing settlement model
- Gross settlement continues in CCP model

Impact

- Strate receive settlement instructions from JSEC not JSE
- Existing swift messages will indicate if the trade originates from JSE Clear
- Strate to generate Strate trade leg no. for ETP trades using reported market logic
- Bond ETP trades will now be received from JSE Clear (MTS link disabled)
- JSE Clear will send ETP trade cancellations directly to Strate
- Masking of counterparty on ETP trades will still be required

CSDPs

- No change to the existing settlement model
- Gross settlement continues in CCP model

Impact

- Existing swift messages will indicate if the trade originates from JSE Clear
- Strate to generate Strate trade leg no. for ETP trades using the same logic as is currently used for reported trades (no impact anticipated to be confirmed)
- Involvement of CSDPs in the event of a clearing member and trading member default (process change only)

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Completed Deliverables / Milestones:

- Completed functional business requirements
- Completed technical impact analysis.
- Finalised internal system and solution design.
- Completed development of:
 - Policies - Margin, stress testing, default fund, default management, intraday margin call and investment mandates for the margin & default fund.
 - Methodologies - Initial & variation margin (cvm) and stress testing.
- Risk Committee Approvals obtained for the revised, impacted policies.
- Customer-facing documentation released:
 - New Bonds CCP operating and risk model
 - New report specifications for Clearing Members
- Completed two (of ten) planned development sprints

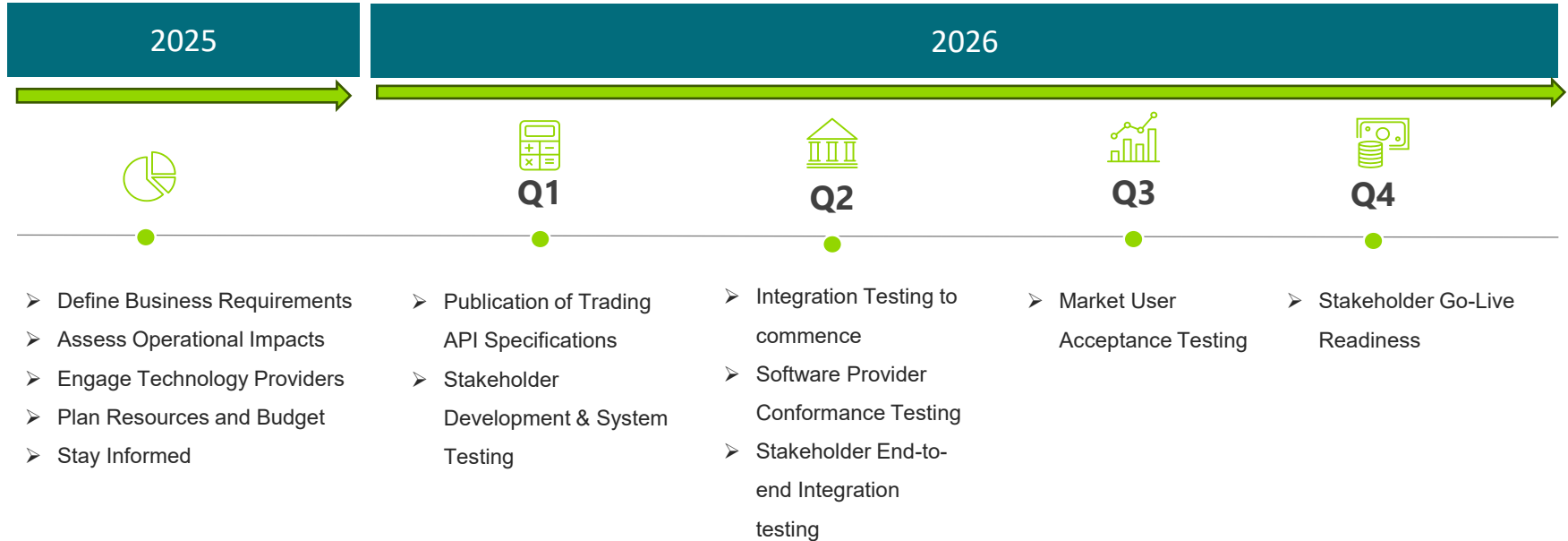
Deliverables In Progress:

- Revised detailed business processes and operating procedures
- Targeted stakeholder engagements
- Third development sprint underway, testing of second sprint delivery

Deliverables still to be started:

- Publication of Trading API specification
- Stakeholder technical development and testing
- Integration testing (internal, and with STRATE)
- Software-provider development & testing
- Stakeholder acceptance and end-to-end testing
- Dress-rehearsal and technical go-live

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01

A hotline will be issued with the timeline and stakeholder milestones as discussed during the session.

02

Further individual and group stakeholder sessions are being scheduled.

03

Communication detailing a more granular market facing project milestones will be available in November 2025.

04

Stakeholders to reach out to the JSE Clear team with any questions
clearops@jse.co.za or customersupport@jse.co.za

05

Clients can refer to the JSE client portal for previous market sessions presentations, recordings and the Bond CCP Operating and Risk model
<https://clientportal.jse.co.za/technical-library/bond-ccp>

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Thank you

Q&A



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