

# CCP clearing for the South African bonds and repo markets

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Market workshop – Session 12  
23rd July 2024

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*let's connect*

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JSE | CLEAR

- Introduction and Project Update
- Billing mechanism
- Structure of EOD Clearing member reports
- Recap of securities collateral service
- Frequently asked questions
- Conclusion and next steps

## Primary drivers for Bonds CCP

- CCP clearing is a critical service required to scale and increase trading activity in the Bonds ETP market, that is currently limited in access to the 10 Primary Dealers and represents only 1% of the total bonds and repo trading activity in SA. Electronic trading and CCP clearing of repos in European markets is close to 40% (and rising) of total trading activity.
- The three primary objectives and market benefits of Bond and Repo CCP clearing include:
  - i. broadened access to ETP and repo markets and increased trade liquidity;
  - ii. reduced counterparty credit risk and increased operational efficiency for banks; and
  - iii. improved market protection and price transparency.

## Why JSE Clear?

- JSE Clear is a fully independent and internationally recognised CCP.
- It is well positioned to leverage its existing CCP clearing infrastructure and integration with clearing member banks to provide a timeous and cost-effective domestic bond and repo CCP clearing service for SA.



## Primary objectives of the Bonds CCP market workshops:

- I. **Consulting and collaborating with market participants** including trading members, clients, clearing members, Strate and CSDPs around the detailed design and requirements of the CCP clearing service.
- II. **Discussing and understanding the change impact and interdependencies** across the various market participants' business processes and IT systems.
- III. **Providing necessary project status updates** including updates to project timelines and key milestones.
- IV. **Providing the required training and support** to operational teams prior to market testing and go-live.

### Who should attend these workshops?

Business managers, Business operation leads/managers, IT leads/ managers, Project managers

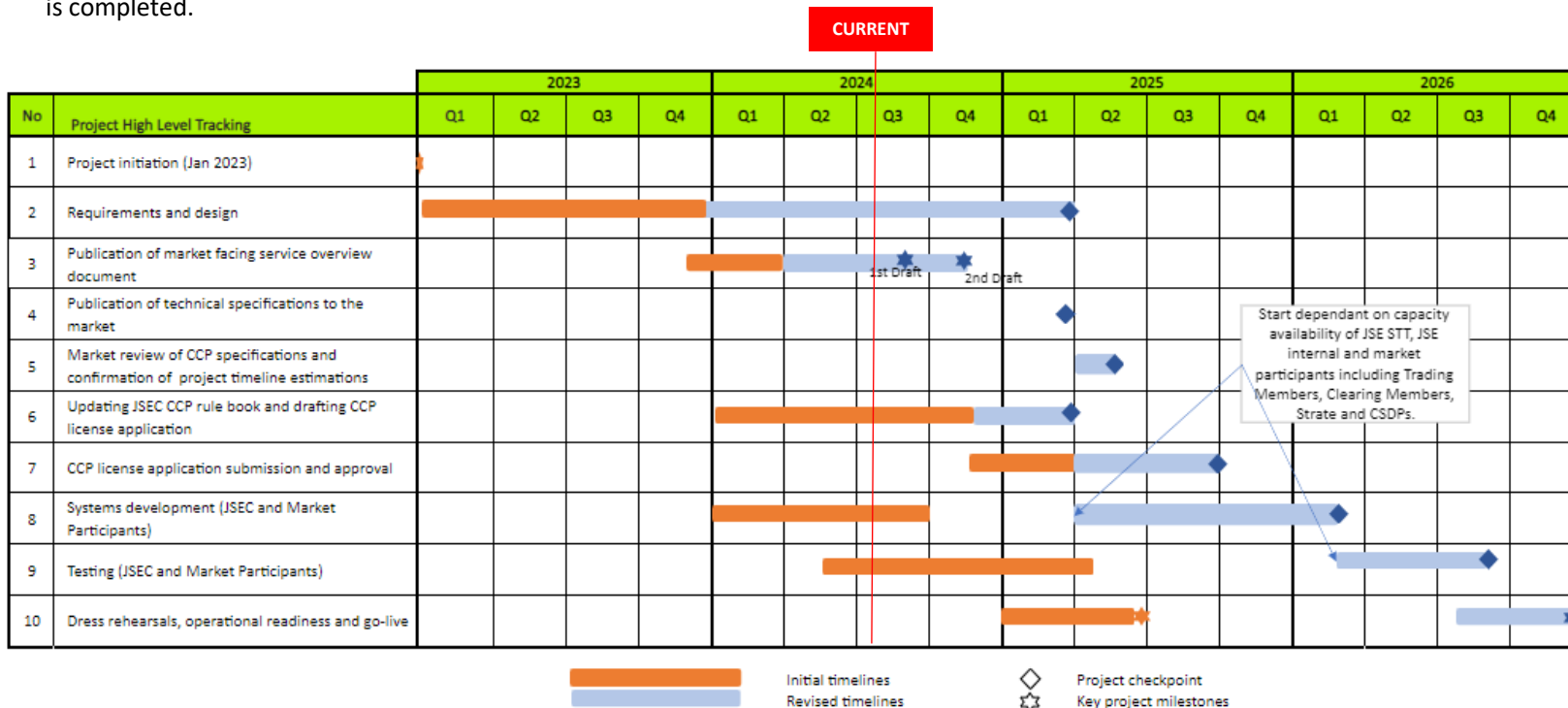
### MARKET WORKSHOP DATES FOR 2024:

- ✓ Session 12 – 23rd July
- Session 13 – 20th Aug
- Session 14 – 17th Sept
- Session 15 – 22nd Oct
- Session 16 – 19th Nov

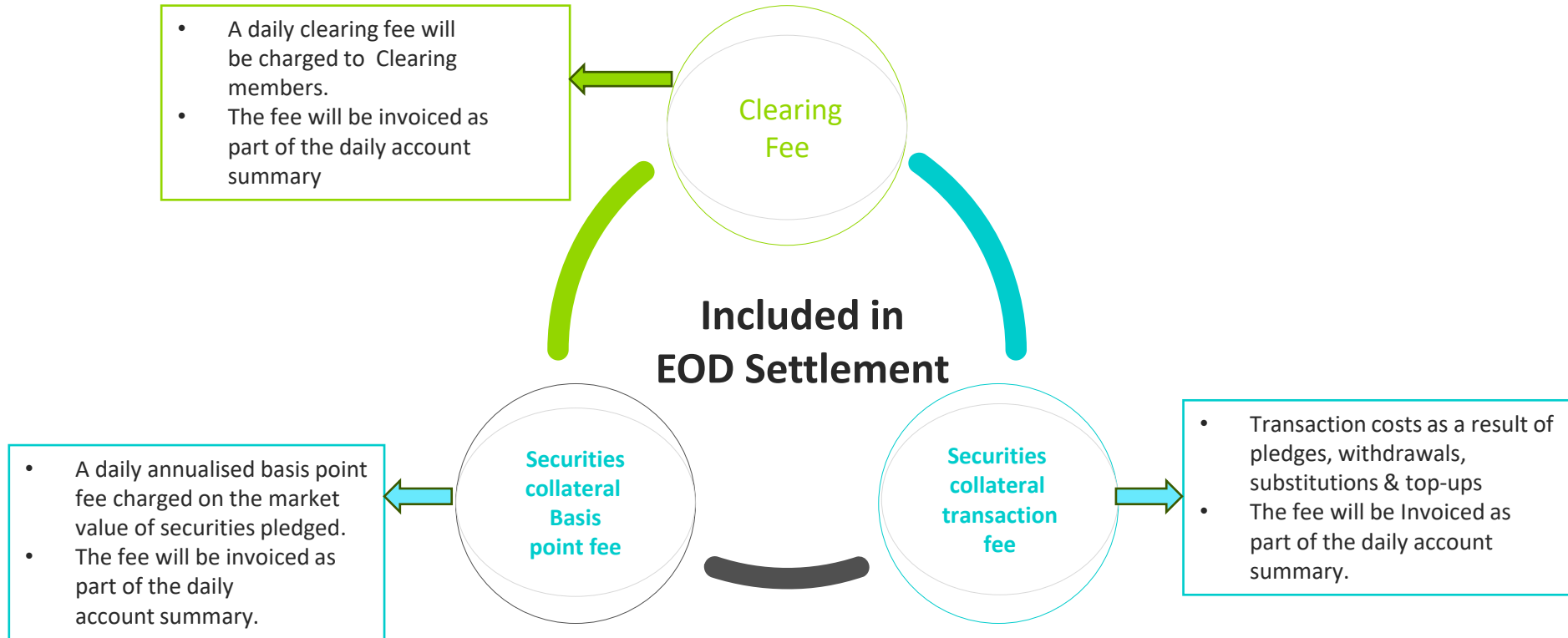
### Topics to be covered in workshop sessions:

- Trade novation ✓
- Account structure ✓
- Trade publication ✓
- Trade cancellation ✓
- Integration with internal and external systems ✓
- Deal management ✓
- Position management ✓
- Collateral Management (cash & securities) ✓
- Settlement management ✓
- ETP trade flow & trade reconciliation ✓
- Risk management and margining ✓
- Billing ✓
- Reporting ✓
- Fees
- Default management ✓
- Clearing membership criteria ✓
- CCP rules, policies and procedures

- Primary focus for 2024 will be on finalising the risk management requirements, updating the CCP rulebook and submission of the CCP license application.
- Bonds CCP timelines and dependencies to be firmed up once detailed requirements and technical impact assessments on the JSE Repos Project is completed.



- Introduction and Project Update
- Billing mechanism
- Structure of EOD Clearing member reports
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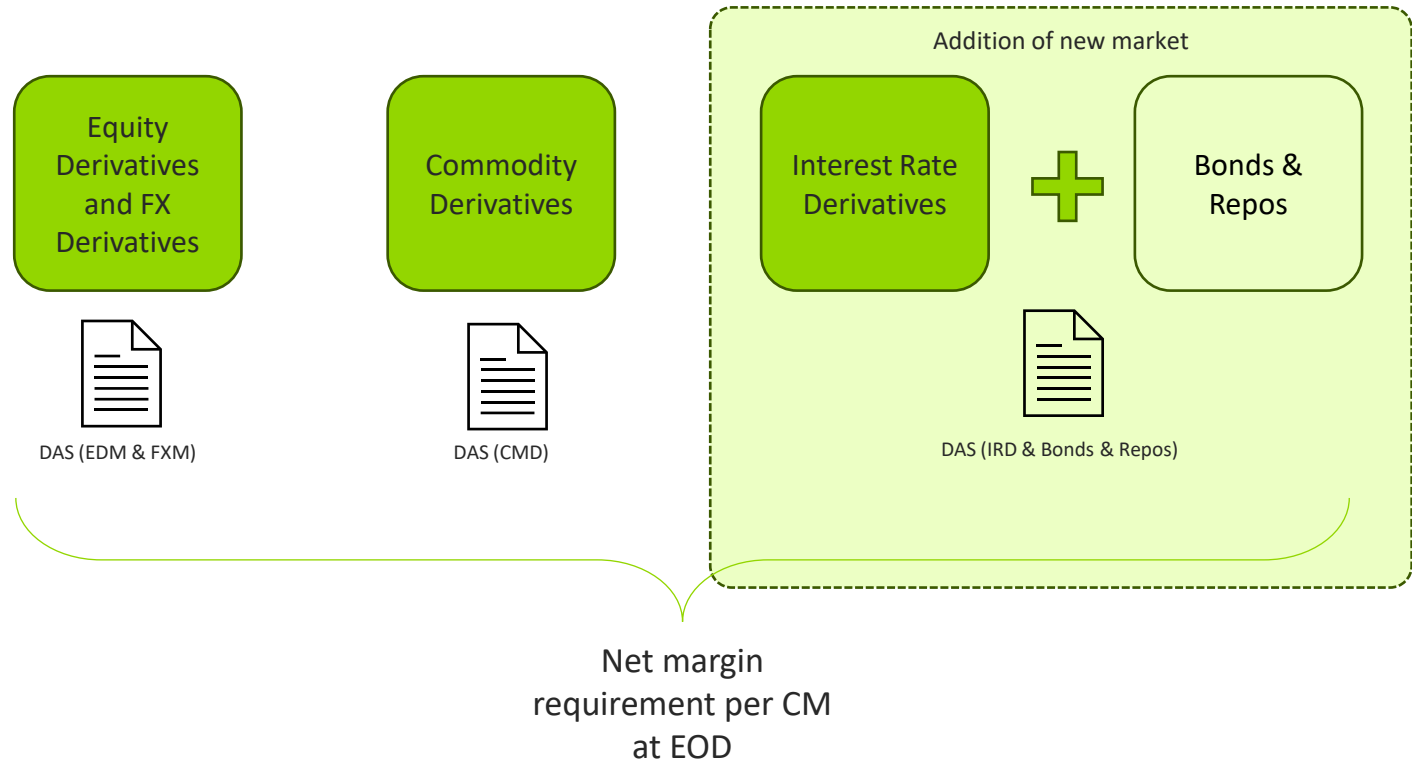
Fee	Duration	Billing mechanism	Existing Model	New
Trading Fee	Monthly	Invoiced directly to Trading member	Yes	No
Swift Fee	Monthly	Invoiced directly to Trading member	Yes	No
Settlement Fee	Monthly	Invoiced directly to Trading member	Yes	No
Penalties	As determined	Invoiced directly to Trading member by JSE Settlement Authority	Yes	Will include penalties pertaining to 'Cleared' trades for the ETP & Reported market
Admin Fees e.g. extension of trading window	As determined	Invoiced directly to Trading member by Settlement Authority	Yes	Will include fees pertaining to 'Cleared' trades for the ETP & Reported market

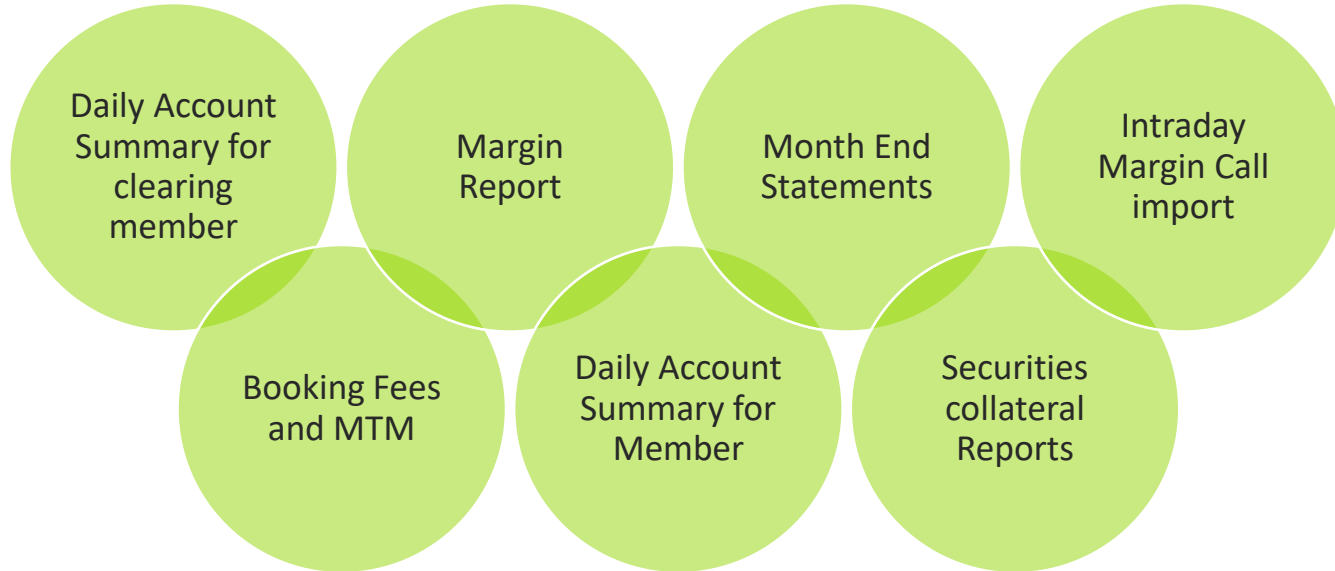


- Introduction and Project Update
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**Key notes:**

- A consolidated daily account summary report to be sent out to CMs for the IRD & Bonds and Repos market.
- At EOD, margin requirements for the Bonds and Repos market will be rolled up into the net margin requirements per CM.





All of the above report will only be disseminated to Clearing Members by JSE Clear

## Interest Rate Derivatives & Cash Bond Markets

Clearing Member Name:  
Clearing Member Address:

Clearing Member Name  
Clearing Member Address

Clearing Member VAT No:  
Tax Invoice No:

Clearing Fee will only apply for Bond CCP

Only applicable for the IRD Market

Methodology to be confirmed

Deals Done By	Total Booking Fees R	Clearing Fee R	Maintenance Fees R	Initial Member Margin R	Initial Client Margin R	Settlement Margin R	Total Member Variation Margin R	Total Client Variation Margin R	Total for Member R	Initial Margin Balance R
ABMN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AIBM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SIYM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TDNN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Nett Booking Fees	:	0.00
VAT payable @ 15%	:	0.00
Nett Maintenance Fees	:	0.00
Total Margin	:	0.00
Total Additional Margin	:	0.00
Total Mark to Market	:	0.00
Total Intraday Call	:	0.00

Payment of: R 0.00 is due from you before midday 10/06/2024

Margin account b/f	:	R 0.00	Shariah Margin account b/f	:	0
Interest Earned on Initial Margin	:	0	Days Movement	:	0
Days Movement	:	R 0.00	Shariah Margin account c/f	:	0
Margin account c/f	:	R 0.00			



Johannesburg Stock Exchange  
 One Exchange Square, Gwelo Lane, Sandown, South Africa  
 Private Bag X991174, Sandton 2146  
 T: +27 11 520 7000 | F: +27 11 520 8584  
[www.jse.co.za](http://www.jse.co.za)  
 Registration Number: 2005/022939/06  
 VAT Number: 4080119391

## INTEREST RATE DERIVATIVES & CASH BOND MARKETS

### MARGIN Report

DATE OF SUMMARY: 01/07/2024 - 01/07/2024

Member Code	Old Member Margin	New Member Margin	Change	Old Client Margin	New Client Margin	Change	Total Margin	% Grand Total
Member Code	293 192.00	293 192.00	0.00	103 783.00	139 969.00	36 186.00	433 161.00	6.5636
<b>Grand Total :</b>	293 192.00	293 192.00	0.00	103 783.00	139 969.00	36 186.00	433 161.00	6.5636

Interest Rate derivatives & Cash Bond Market

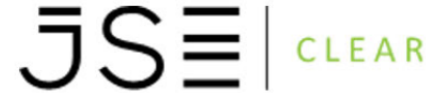
INTERESTSTATEMENT

MEMBER CODE

MEMBER CODE MARGIN

01 Jun 2024 - 28 Jun 2024

Date	Description	Balance	Interest Rate	Days	Interest Accrued	Interest Balance
	Opening Balance :	1012136069		8.276		
2024/06/01	Margin Payable to SAFEX'	1 012 136 068.77	8.27600	2	458 982.91	458 982.91
2024/06/03	Margin Payable to SAFEX'	999 609 109.22	8.27700	1	226 678.48	685 661.39
2024/06/04	Margin Payable to SAFEX'	999 816 339.64	8.28800	1	227 026.79	912 688.18
2024/06/05	Margin Payable to SAFEX'	999 274 708.19	8.29000	1	226 958.56	1 139 646.74
2024/06/06	Margin Payable to SAFEX'	998 990 214.72	8.29100	1	226 921.31	1 366 568.05
2024/06/07	Margin Payable to SAFEX'	999 010 845.59	8.28900	3	680 613.77	2 047 181.82
2024/06/10	Margin Payable to SAFEX'	994 926 245.45	8.28500	1	225 834.63	2 273 016.45
2024/06/11	Margin Payable to SAFEX'	994 676 849.57	8.28500	1	225 778.02	2 498 794.47
2024/06/12	Margin Payable to SAFEX'	1 002 891 134.24	8.28600	1	227 670.03	2 726 464.50
2024/06/13	Margin Payable to SAFEX'	1 003 070 925.44	8.28500	1	227 683.36	2 954 147.86
2024/06/14	Margin Payable to SAFEX'	998 801 073.64	8.28700	4	907 075.56	3 861 223.42
2024/06/18	Margin Payable to SAFEX'	993 565 160.99	8.28900	1	225 634.56	4 086 857.98
2024/06/19	Margin Payable to SAFEX'	984 712 471.33	8.28100	1	223 408.33	4 310 266.31
2024/06/20	Margin Payable to SAFEX'	982 749 706.17	8.28800	1	223 151.49	4 533 417.80
2024/06/21	Margin Payable to SAFEX'	992 910 471.74	8.32500	3	679 395.59	5 212 813.39
2024/06/24	Margin Payable to SAFEX'	1 014 218 426.61	0.00000	1	0.00	5 212 813.39
2024/06/25	Margin Payable to SAFEX'	1 011 864 279.65	8.27800	1	229 485.27	5 442 298.66
2024/06/26	Margin Payable to SAFEX'	1 011 862 847.65	0.00000	1	0.00	5 442 298.66
2024/06/27	Margin Payable to SAFEX'	1 011 861 847.65	8.26100	1	229 013.44	5 671 312.10
2024/06/28	Margin Payable to SAFEX'	1 011 861 820.65	8.25400	1	228 819.38	5 900 131.48
2024/06/29	Margin Payable to SAFEX'	0.00	0.00000	0	0.00	5 900 131.48
	Closing Balance:	0	0.00000			



BOOKING FEES AND MARK TO MARKET REPORT ON 01 July 2024

Interest Rate derivative & Cash Bonds Market

Johannesburg Stock Exchange

One Exchange Square, Gwen Lane, Sandown, South Africa

Private Bag X991174, Sandton 2146

T: +27 11 520 7000 | F: +27 11 520 8584

www.jse.co.za

Registration Number: 2005/022939/06

VAT Number: 4080119391

DRN	Member Ref	Time Dealt	No of Contracts	Price / Premium	Yield	Booking Fee	Mark-To-Market	Maintenance Fee
Member [REDACTED]								
Client: [REDACTED]								
-----								
Spots Market								
R186								
<u>Settlement Date : 01/07/2024</u>								
Brought Forward Position			120,500,000	0.000000	0.000000	0	0.00	
Carried Forward Position			120,500,000	0.000000	0.000000	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
R2030								
<u>Settlement Date : 01/07/2024</u>								
Brought Forward Position			455,000,000	0.000000	0.000000	0	0.00	
Carried Forward Position			455,000,000	0.000000	0.000000	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
R2032								
<u>Settlement Date : 01/07/2024</u>								
Brought Forward Position			563,224,000	0.000000	0.000000	0	0.00	
Carried Forward Position			563,224,000	0.000000	0.000000	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
R2035								
<u>Settlement Date : 01/07/2024</u>								
Brought Forward Position			634,000,000	0.000000	0.000000	0	0.00	
Carried Forward Position			634,000,000	0.000000	0.000000	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
R2037								
<u>Settlement Date : 01/07/2024</u>								
Brought Forward Position			211,000,000	0.000000	0.000000	0	0.00	

**TAX INVOICE**

Johannesburg Stock Exchange

MEMBER ACCOUNT SUMMARY REPORT : MEMBER CODE

01-July-2024  
 Member Name: Member Name  
 Member Address: Member Address

Clearing Fee will only apply for Bond CCP

Deals Done By	Total Booking Fees	Total Clearing fee	Total Maintenance Fees	Initial Member Margin	Initial Client Margin	Settlement Margin	Total Member Variation Margin	Total Client Variation Margin	Total for Member	Initial Margin Balance
	R	R	R	R	R	R	R	R	R	R
Client 1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Client 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Client 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Client 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Client 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Nett Booking Fees	:			0.00						
VAT payable @ 15%	:			0.00						
Nett Maintenance Fees	:			0.00						
Total Margin	:			0.00						
Total Additional Margin	:			0.00						
Total Mark to Market	:			0.00						
Total Intraday Call	:			0.00						

Payment of: R 16,903.69 is due from you before 10am 02/07/2024

Margin account b/f	0.00	Interest Earned on Initial Margin	0%	Shariah Margin account b/f	:	0.00
Days Movement	0.00			Days Movement	:	0.00
Margin account c/f	0.00			Shariah Margin account c/f	:	0.00

Only applicable for the IRD Market

Methodology to be confirmed



CM DAS EOD SecCoil : MEMA

01-July-2024

Member Name: Member Name

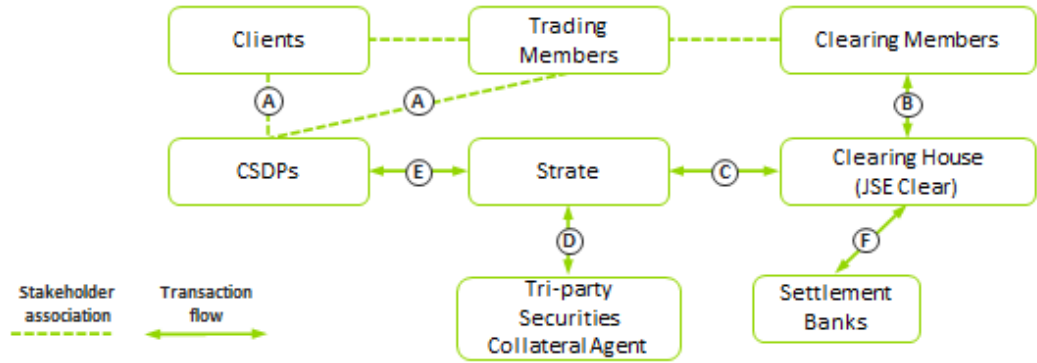
Member Address: Member Address

Trading Member Name	Trading Member ID	Total IM move	TAG IM Balance B/F	Member Template	Member House IM Balance B/F	Member House IM Balance C/F	Member House IM movement	IM Balance C/F	Member House Securities balance in ZAR (Collateral Value)	Member House IM Securities ZAR Movement	Member House Securities balance in ZAR (Market Value)	Member House Cash ZAR balance	Clients Securities balance in ZAR (Collateral Value)	Client IM Securities ZAR Movement	Clients Securities balance in ZAR (Market Value)	Clients Cash ZAR balance	Clients IM Balance B/F	Clients AM Balance B/F	Clients IM Balance C/F	Client IM movement	Client AM movement	Clients AM Balance C/F	Clearing Member Name	Clearing Member ID	Business Date	Member House (IM&M) Cash ZAR Movement		
Client A		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	xxx
Client B		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	xxx
Client C		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	xxx
Client D		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	xxx
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>xxx</b>

- Introduction and Project Update
- Billing mechanism
- Structure of EOD Clearing member reports
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- Frequently asked questions
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- **Background**
  - Initial Margin (IM) requirements is calculated as part of the daily EOD process and settled on T+1
  - The acceptance of securities collateral by JSE Clear, allows members to meet their IM requirements through a combination of ZAR cash and liquid South African fixed rate government bonds.
- **Securities collateral will be offered in the following markets for Bond CCP**
  - Interest Rate Derivatives and cleared Bond CCP trades
- **Securities Collateral Value Proposition**
  - Reduce liquidity pressures and funding costs for derivative market participants in an environment of increasing regulatory capital requirements and other cost pressures
  - Alleviate liquidity pressures in times of market stress when margins inevitably increase
  - Mitigation of the concentration risk that arises from the CCP investing the margins it receives from clearing members for derivative exposures back with the same institutions

- **Eligible securities**
  - Initial phase - liquid South African government bonds
  - Later phases - equities will be considered
- **Obligations for which securities collateral will be accepted**
  - Initial margin (including the margin add-on's)
  - Clearing member default fund contributions will be catered for in a later phase
  - Note:
    - Additional margin required by Clearing Members on top of the CCP margin call will not be able to be covered by securities via the JSE Clear collateral solution
    - Variation Margin will remain payable in ZAR cash
- **A minimum percentage of the IM obligation will still need to be settled in ZAR cash**
  - Initially this will be 65% i.e., up to 35% of the IM obligation can be collateralized through securities



**Associations and transaction flows:**

- A) Clients and Trading Members to open an independent collateral giver account or trading collateral giver account at STRATE via their CSPDs for the pledging of securities collateral
- B) Initial margin amounts confirmed by JSE Clear with Clearing Members as part of the daily end-of-day process
- C) Allowable securities margin amount sent to Strate per Client and Trading Member for securities collateralisation
- D) Strate will allocate or release securities as available in Client and Trading Member independent collateral giver account
- E) CSPDs are required to commit to all security pledges and release requests for them to be valid (automated process)
- F) JSE Clear to determine remaining cash amount required (i.e. total margin required less pledged securities) and once clearing members confirm the cash breakdown cash settlements are done via the settlement banks



Position holders (Trading members and clients) will pledge securities directly to JSE Clear for their exposures

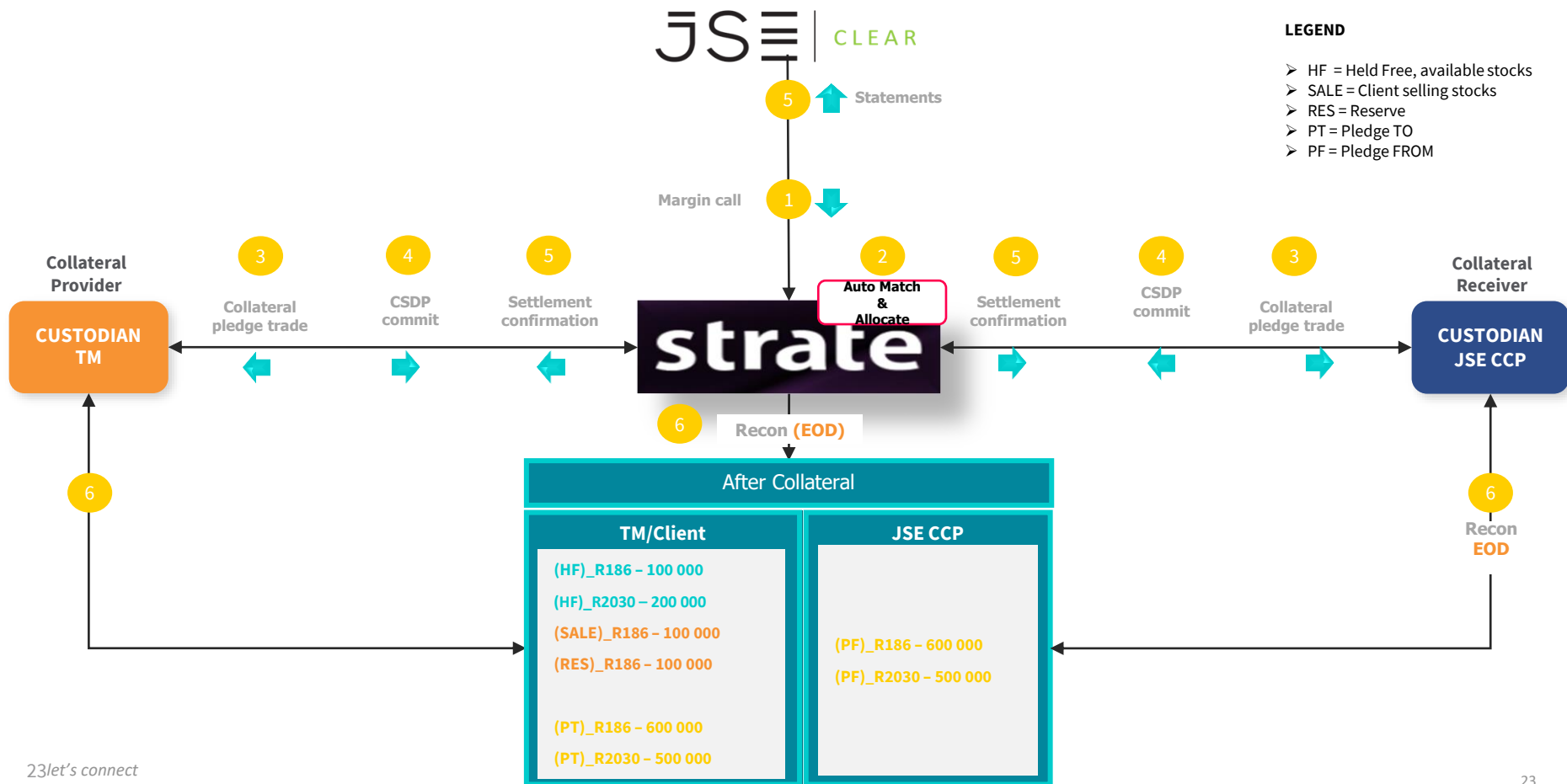


The 'pledge' mechanism (as opposed to 'cession') will be used for securities collateral

**Pledging** allows the collateral giver to retain ownership of the security and be entitled to all coupon payments

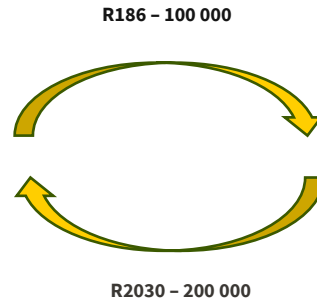
Similar to the position if cash is posted for IM, the securities must remain the property of the market participant in question and not form part of the assets of JSEC

**Cession** is a transfer of ownership from the market participant to JSEC and not a collateral arrangement



- What happens if a stock is allocated as collateral and sold by the client
  - Bond stock being sold will be substituted with another eligible stock

Before Substitution	
TM/Client	JSEC CCP
(SALE)_R186 - 100 000	
(RES)_R186 - 100 000	
(HF)_R186 - 200 000	
(HF)_R2030 - 200 000	
(SALE)_R2030 - 400 000	
<hr/>	
(PT)_R186 - 700 000	(PF)_R186 - 700 000
(PT)_R2030 - 500 000	(PF)_R2030 - 500 000



After Substitution	
TM/Client	JSEC CCP
(SALE)_R186 - 100 000	
(RES)_R186 - 100 000	
(SALE)_R2030 - 400 000	
(RES)_R2030 - 400 000	
(HF)_R186 - 100 000	
<hr/>	
(PT)_R186 - 800 000	(PF)_R186 - 800 000
(PT)_R2030 - 300 000	(PF)_R2030 - 300 000



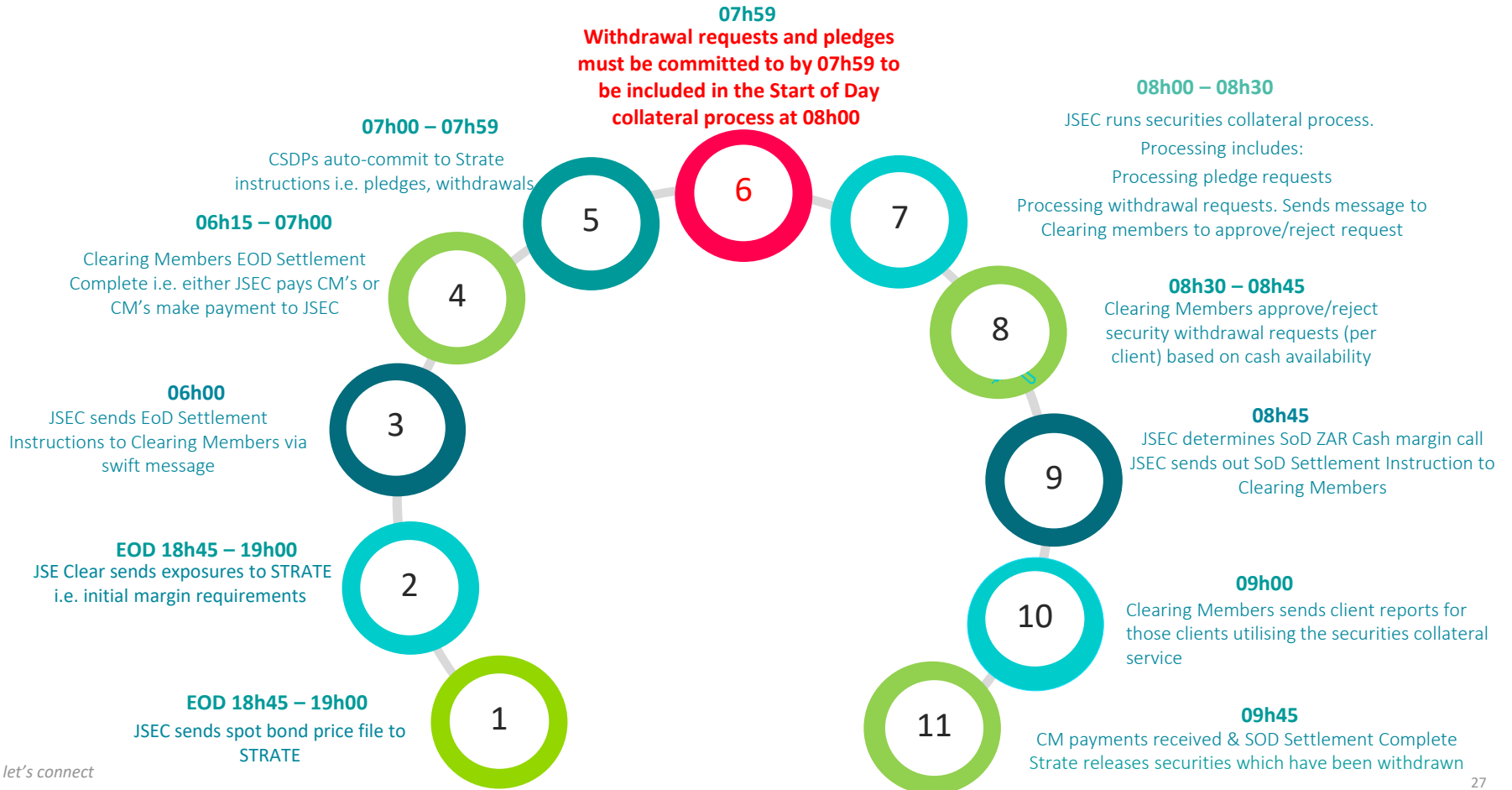
- Exposure value increase
  - Additional collateral will be placed
- Exposure value decrease
  - Collateral will be withdrawn and returned to the TM/client

Before Top-up	
TM/Client	JSE CCP
(HF)_R186 - 100 000	
(SALE)_R186 - 100 000	
(RES)_R186 - 100 000	
(SALE)_R2030 - 400 000	(PF)_R186 - 800 000
(RES)_R2030 - 400 000	(PF)_R2030 - 300 000
(PT)_R186 - 800 000	
(PT)_R2030 - 300 000	

After Top-up	
TM/Client	JSE CCP
(HF)_R186 - 50 000	
(SALE)_R186 - 100 000	
(RES)_R186 - 100 000	
(SALE)_R2030 - 400 000	(PF)_R186 - 850 000
(RES)_R2030 - 400 000	(PF)_R2030 - 300 000
(PT)_R186 - 850 000	
(PT)_R2030 - 300 000	

After Withdrawal	
TM/Client	JSE CCP
(HF)_R186 - 200 000	
(SALE)_R186 - 100 000	
(RES)_R186 - 100 000	
(SALE)_R2030 - 400 000	(PF)_R186 - 700 000
(RES)_R2030 - 400 000	(PF)_R2030 - 300 000
(PT)_R186 - 700 000	
(PT)_R2030 - 300 000	

- Withdrawal requests will be processed once a day during the SOD collateral process
- Clearing Members will be required to approve/reject withdrawal requests
- Securities on the back of the withdrawal request will be released only once the Clearing Member's cash settlement including the cash covering the value of the security to be withdrawn is physically in JSEC's account
- Thereafter, JSEC will instruct Strate to release the securities
- Security withdrawal requests received after 8am will only be processed during the SOD collateral process the following business day
  - Clients will need to be aware of this and manage their collateral accordingly and CMs will need to timeously process withdrawal request approvals



- **The following criteria will be used to determine which bonds form part of the list of eligible securities:**
  - Nominal value in issue greater than R100 billion
  - Average daily value traded (ADVT) of more than R500 million
  - Term to maturity greater than 6 months
  - Ability to value the security and determine the valuation haircut and concentration limits
  - Availability of data to support these functions
- **Eligible collateral will be reviewed quarterly and ad hoc as required**

**Current list of eligible SA Govi bonds based on the eligibility criteria above with indicative haircuts**

Instrument ISIN	Alpha Code	Haircut %
ZAG000016320	R186	6.96
ZAG000030404	R209	10.32
ZAG000077470	R213	8.98
ZAG000096173	R2 048	10.87
ZAG000107012	R2 037	9.72
ZAG000106998	R2 030	8.32
ZAG000107004	R2 032	9.3
ZAG000106972	R2 044	10.59
ZAG000125972	R2 035	9.53
ZAG000125980	R2 040	9.08

- **Valuation and haircuts:**

- In determining the sufficiency of the cash and securities posted to cover IM obligations, JSEC will value the securities pledged to JSE Clear at their market value less any haircut applicable.
- JSE Clear will mark these securities to market on at least a daily basis and will adjust the amount of cash to be paid to (or from) JSE Clear from (or to) market participants to cover their remaining initial margin requirements.
- The haircuts will be calculated to account for market volatility of each security
- Haircuts will be reviewed at least quarterly for appropriateness and more frequently should JSE Clear so require.
- Market participants will be notified of applicable haircuts and any changes thereto.

- **Concentration Limits**

- JSE Clear will impose limits on the aggregate amount of a particular security per clearing member
- Limits are set for the following reasons:
  - I. to avoid undue concentration of collateral in a particular asset class, type of security, obligor, etc.
  - II. to restrict the maximum amount of non-cash collateral a market participant may pledge to JSE Clear for its margin requirements in respect of its position
- Limits will be based on liquidity of the security

- In the event of a default, all securities pledged to JSEC will be liquidated into ZAR cash via a JSEC appointed broker, over and above the standard default management process
- Securities collateral will only be accessed/sold in the event of a default
- Securities will be liquidated within a maximum of 2 days from the time of the default  
Haircuts and concentration limits are quantified accordingly i.e. based on a 2-day liquidation period
- The settlement cycle of the trades booked to liquidate securities may vary from same day settlement to T+3 settlement
- Proceeds from the sale of collateral may therefore be received from DD to DD+4 (where DD is Default Day)

- Introduction and Project Update
- Billing mechanism
- Structure of EOD Clearing member reports
- Recap of securities collateral service
- Frequently asked questions Buy Sell Backs
- Conclusion and next steps



No.	Question	Answer
1	Why is JSEC embarking on the Bond CCP project?	The Bonds CCP initiative was initiated and prioritised by the ETP steering committee that is chaired by National Treasury and has representation from all ten PD banks. During 2022, numerous and extensive workshops were held with all ETP market committee members to confirm the needs, drivers, and priority for implementing a domestic CCP for the SA bonds and repo markets. At the end of 2022, there was unanimous support by NT and the PD representatives for JSEC to start the design and development work of the Bonds CCP which was kicked off in Jan 2023.
2	Will JSEC be the CCP for ETP trades?	Yes.
3	Will the daily initial margin of cleared bonds & repo trades be included in the derivatives settlement?	The EOD initial margin for cleared spot bond and repo trades will be included in the derivatives settlement. Please note if a client takes up the securities collateral service an additional settlement will occur on the back of the securities collateral process.
4	Does a Clearing member need direct access to NT or can they use their Primary Dealer?	A Clearing member does not need direct access to NT. They would go via a Primary Dealer.
5	How does a buyer pay for the bond?	The settlement of bonds will still occur as it does now via Strate.
6	When will initial margin be payable?	Initial margin will be payable on unsettled trades on T+1. Once the trade is settled initial margin will be returned.
7	Will phase 1 only be applicable to Primary Dealers?	Yes, phase 1 is only applicable to Primary Dealers. No client trades can be set to 'cleared'.
8	Must both sides of a reported trade have the 'cleared' flag indicator tick for it to match?	Yes.

No.	Question	Answer
9	Can you have a uncommit status if a trade has not matched?	No, an uncommitted trade status indicates that the CSDP has not committed to an already matched trade i.e. there is no stock or cash available
10	How will a Clearing member see uncommitted trades?	Trade status intimations will be sent to GCMS via the Nutron API in real-time.
11	How will a Clearing member see settled trades?	Trade status intimations will be sent to GCMS via the Nutron API in real-time.
12	Can a Clearing member force cover before the exception handling process starts on S at 14h00?	Yes.
13	Should a Clearing member approach STT to provide them with requirements?	Yes, a Clearing member would be required to provide requirements to STT.
14	Will only T+3 Buy Sell Back trades be eligible for clearing in Nutron?	For bond CCP our Clearable Products Framework allows for a Settlement Date up to a maximum of 12 months from Trade Date for Buy Sell Backs.
15	Will Buy Sell Backs on a government bond include haircuts?	The initial margin calculated by JSE Clear is calibrated to cover the potential future exposure over the liquidation period at a high confidence interval. JSE Clear will not apply an additional haircut on cleared Buy Sell Backs.

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## Conclusion and next steps:

- One-on-one sessions with Clearing members, JSEC will contact Clearing members to request availability.
- Market participants to review the CCP design and requirements shared thus far and engage directly with JSE on any questions or queries they may have.
- Market participants to start mobilising their internal teams to commence internal design and system development work.

### UPCOMING MARKET WORKSHOP DATES FOR 2024:

- Session 13 – 20<sup>th</sup> Aug
- Session 14 – 17<sup>th</sup> Sept
- Session 15 – 22<sup>nd</sup> Oct
- Session 16 – 19<sup>th</sup> Nov

### Topics to be covered in the next workshop sessions:

- Trade novation ✓
- Account structure ✓
- Trade publication ✓
- Trade cancellation ✓
- Integration with internal and external systems ✓
- Deal management ✓
- Position management ✓
- Collateral Management (cash & securities) ✓
- Settlement management ✓
- ETP trade flow & trade reconciliation ✓
- Risk management and margining ✓
- Billing ✓
- Reporting ✓
- Fees
- Default management ✓
- Clearing membership criteria ✓
- CCP rules, policies and procedures