

Date: 7 March 2013

Ref No: 29/2013

## Service Hotline

### BDA CHANGES – INTEREST CALCULATION AND PROCESSING ON JSET INTEREST

As per previous communications during 2012 and alignment with the new SARS IT3(b) file layouts, the JSE has to make changes to BDA to split credit and debit interest processing on JSET balances.

Currently BDA offsets any credit and debit interest for a client within a BDA month-end period. During a BDA month, a client may have a daily cash balance that changes from a credit balance to a debit balance. E.g. a client might have a credit balance on the account for 2 days in the month, then the balance changes to a debit balance for 3 days, and then it changes back to a credit for the rest of the month. At month-end, BDA processes either a credit or debit entry to the client based on the offset between the credit and debit interest calculated for the month. See below for illustration purposes only.

	Cash Balance	Nett Interest
Day 1	R1000-00 (CR)	R1-00 (CR)
Day 2-10	R1500-00 (CR)	R15-00 (CR)
Day 11-15	R750-00 (DR)	R5-00 (DR)
Day 16-20	R2500-00 (CR)	R20-00 (CR)

Based on above illustrated values, the client will receive a credit interest of R31-00. (Nett of R1+R15+R20 – R5).

From March BDA month-end i.e. 28 March 2013, BDA will be changed to split the above illustrated scenario to process two entries on the client account as follows:

- Credit client with R36-00 interest earned
- Debit client with R5-00 interest charged

Apart from splitting credit and debit interest, credit interest will also be processed to a client as a Gross Interest earned whereas currently it is processed as Nett Interest earned.

See below examples to illustrate the difference in processing:

#### Markets / Service (s):

- BDA Online

#### Environment(s):

- Production

#### Contact:

For further information please contact Customer Support:

011 520 7777 or email  
[Customersupport@jse.co.za](mailto:Customersupport@jse.co.za)

Current processing:

Current BDA interest calculation				
	Cash Balance	# days	Nett Rate %	Amount
Interest	R 138 833.01	35	4.02	R 535.17
Trustee Fee				R 99.85
Brokers Fee				R 87.59
Vat				R 12.26
<b>Nett Interest</b>				<b>R 535.17</b>

From BDA month-end 28 March 2013, the above will be processed as follows:

New calculation based on Gross interest				
	Cash Balance	# days	Gross Rate %	Amount
Gross Interest	R 138 833.01	35	4.77	R 635.02
Turn on Gross	R 138 833.01	35	0.75	R 99.85
Vat	R 99.85		0.14	R 13.98
<b>Nett Interest</b>				<b>R 521.19</b>

*Note the difference in the nett interest earned by the client, based on the above examples provided. In the current processing the client will earn nett interest of R535.17 and based on the new processing at gross, the client will earn interest of R521.19. Note that in the above sample data provided, the turn rate still remained at .75%.*

*Important to note is the increased member turn of R99.85 when interest is calculated at gross against the R87.59 when the turn is calculated on the nett interest earned.*

Members who want to ensure their clients still receive the same nett interest earned after the changes made to BDA, can do so by adjusting their turn.

See below sample to illustrate this based on above sample data provided.



1476.0 ↑ 1000563 ↑ 10005770 ↓ 1000102 ↑ 1000476

New calculation based on Gross interest				
	Cash Balance	# days	Rate %	Amount
Gross Interest	R 138 833.01	35	4.77	R 635.02
Turn on Gross	R 138 833.01	35	0.66	R 87.86
Vat	R 87.86		0.14	R 12.30
Nett Interest				R 534.85

Based on above samples provided, by adjusting the turn a member takes from .75% to .66%, the client will earn very close to what they earned prior to the BDA changes.

Members can adjust their turn on credit interest earned using BDA on-line function T.INT.

Please note that the online function INTST which is used for displaying the detail around the calculation of client's interest will also be changed to accommodate all the above changes.

A detailed hotline explaining the changes to INTST will be communicated later during March 2013.

#### Minimum Credit and Debit Interest amounts to be posted

Members are also reminded that each member has a minimum threshold amount for both Credit and Debit interest loaded on BROKM. Any Interest calculated that is less than these amounts will not be posted to clients accounts.

Should you require these amounts to be adjusted prior to March BDA month-end, please e-mail Customer Support with the new amounts to be updated.

#### Impact to IT3(b)

Please note that as per the requirement from SARS, interest earned at JSET will be reported in the IT3(b) as Gross interest earned.