JSE

SERVICE HOTLINE

REFERENCE NUMBER: 79/2016
28 April 2016

CAPAD WEB IS LIVE!

We are very excited that CAPAD Web is alive and available to brokers for testing. CAPAD Web can be accessed via https://capad.jse.co.za, and for users who do not already have access to CAPAD Returns, the relevant user's Compliance Officer must send an email to customersupport@jse.co.za requesting access to CAPAD Web. We recommend that you reset your password via the Clients Services Centre before your first login.

The training modules are in progress and will be released at the end of next week. Please remember to test using the testing check list and returning this to CAPADWeb@jse.co.za by 13 May 2016 for the first round of testing.

Are there any differences between the old calculations and those in the new system?

Yes there are. We have made changes to certain of the calculations to ensure that the calculations are in line with JSE Directive DC and we have also addressed certain issues in the JSE's current capital adequacy system which is used to produce the daily capital adequacy reports. The changes are:

Adjusted Liquid Capital
- Illiquid assets: Unsecured loans, sundry debtors and receivables outstanding more than 30 days have all moved to the counterparty risk requirement (CRR) section instead of being reflected as an impairment in adjusted liquid capital.
- Tax provision: Current calculation is based on current year's unaudited and unrealised profits but does not take into account previous years' assessed losses. The new calculation takes into account tax that has already been raised on the trial balance.
- Unrealised profit/loss on OTC: Current calculations include the OTCs that have been captured in DTRS. OTC was removed from the scope of CAPAD Web and brokers who do trade in OTCs can submit their calculated figure to us to load manually.

Base Requirement
- No changes to calculation.

Market / Service:
JSE Equity Market

Environment(s):
Production

Additional Information:
If you have any queries about this announcement, please contact the Client Services Centre on +27 11 520 7777 or customersupport@jse.co.za

Issued By:
Market Regulation

Custody Risk Requirement (CSRR)

- No changes to calculation.

Positions Risk Requirement (PRR)

- Certain equity derivative index contracts that were not previously offset against underlying equity positions are now being offset.
- Same issuer positions are offset against each other prior to calculating risk.
- All open commodity derivative deals are now taken into account in calculating PRR.
- Certain government guaranteed bonds still attracted specific risk. This has been updated to only attract general risk.
- The current system doesn't apply the gearing multiplier into the warrant risk calculation. CAPAD Web now factors the multiplier in which reduces the calculated warrant risk.

Counterparty Risk Requirement (CRR)

- Calculation now includes unsecured loans, sundry debtors and receivables outstanding more than 30 days.
- Minor changes to how risk offsetting for collateral held is applied.
- CRR is now also calculated on unlisted securities as well as bonds.
- LER on CRR – this will not be calculated by the application. Brokers would need to calculate this risk requirement themselves if it is applicable to them.

What issues have been addressed by the new application?

- CRR – Non Controlled Client risk from T to T+2 is currently incorrectly calculated on the market value of the transactions, this is now correctly calculated on the transaction value.
- CRR – Certain Money Market cash balances have not been included in the CRR offset, this is now fixed.
- PRR – Calculation on bonds across different zones has been fixed.
- ALC – Unrealised profit/loss on bonds have been fixed.
- The current system doesn't have the flexibility to reclassify the risk that specific accounts attract. The CAPAD team can easily configure the risk treatment per account; therefore the relevant risk is now allocated to the relevant account. This means that client accounts that may have previously attracted Position Risk have now been excluded.