

Debt Securities Automation Process

20 August 2024

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JSE



Overview

What is it?



- An adapted process for the submission of **Applicable Pricing Supplements (APS)** on Webstir
- Currently only applicable to Interest Rate Issuers i.e. Issuers of debt securities listed on the Interest Rate Market
- Will apply to all debt securities for Interest Rate Issuers including credit-linked notes, asset-backed debt securities, sustainability debt securities, etc.

Why was a new process needed?

- Issuers and Debt Sponsors have often raised the concern regarding the length of time it takes for:
 - Review of APSs, particularly those APSs where the terms and conditions have not changed between issuances other than in respect of issue price and dates
 - Provision of the ISIN codes
- Capacity constraints have often meant that:
 - The informal approval / initial review of APSs takes between 1 – 2 business days
 - The formal approval / final review of APSs can take a few hours to 1 business days

How will this process assist the market?



- The system is designed to allocate the filing either directly to Corporate Actions (**CA**) or to Issuer Regulation (**IR**) for processing, depending on how the questions are answered
- Filings that go directly to CA will have a faster turnaround, as no review by IR will be required
- The ISIN will be provided assuming all details of the instrument are correct (i.e. dates are correct, and match books closed etc.)
- IR will now only receive filings that require review due to specific terms and conditions. This frees up IR capacity and should also result in faster turnaround on these submissions

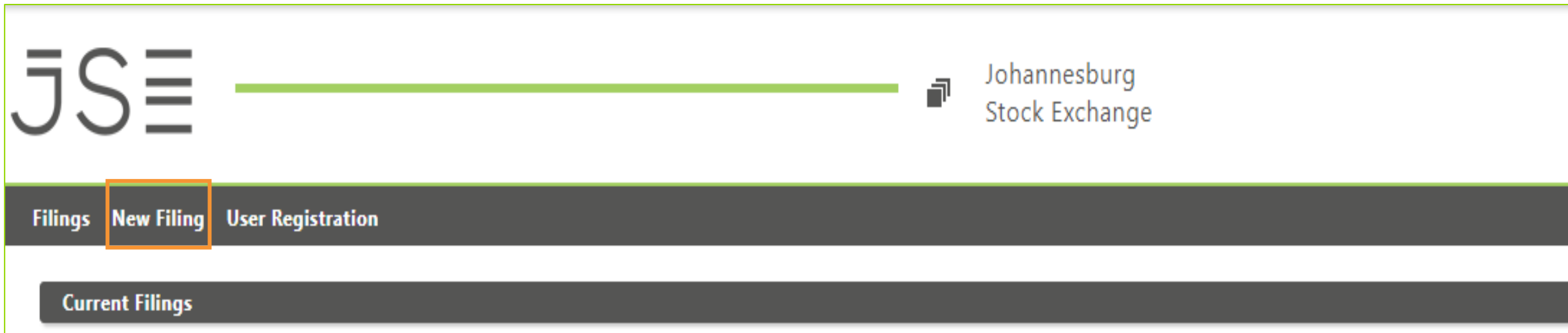


Automation process – First submission

Overview of the automation process – First submission



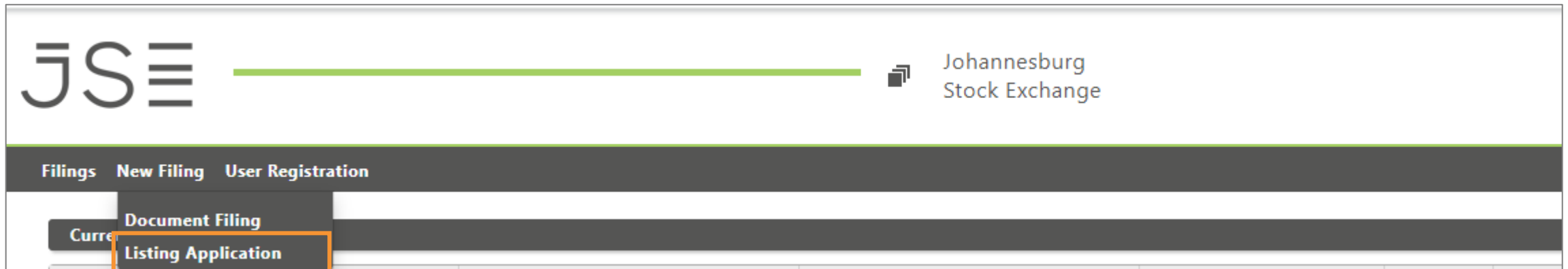
- Debt Sponsors will log into Webstir as normal (<https://webstir.jse.co.za>)
- To submit a new APS filing for an Interest Rate Issuer, select **“New Filing”** on the taskbar



Overview of the automation process – First submission



- This will then display the following options in the drop-down list:
 - Document Filing
 - Listing Application
- Click on **“Listing Application”**



Overview of the automation process – First submission

- This will open the **Listing Application** submission

Create New filing - Listing Application

▼ Choose Customer Equity Issuer

Role **Customer**

Equity Issuer ▼ Select Customer ▼

NEXT

Choose Events

Add documents

Listing Application Confirmations

Listing Application Request

COMMENTS 0

SUBMIT FILING

Overview of the automation process – First submission



- In the “**Choose Customer**” row, select the **Role** from the drop-down list. The selected Role must be “**Interest Rate Issuer**”

The screenshot shows a web interface for creating a new filing. The title is "Create New filing - Listing Application". Below the title, there is a section titled "Choose Customer" with a sub-header "Equity Issuer". The form contains two main input fields: "Role" and "Customer". The "Role" dropdown menu is open, showing a search bar and a list of options: "Equity Issuer", "Interest Rate Issuer" (highlighted in green), "Debt Issuer", "ETF Issuer", and "Actively Managed ETF Issuer". The "Customer" dropdown menu is currently empty and shows "Select Customer". A "NEXT" button is located on the right side of the form.

- Then select the **Customer** (i.e. your client) from the drop-down list and click the “**Next**” button on the right-hand side

Overview of the automation process – First submission



- In the “**Choose Events**” row, select the **Event Type** from the drop-down list. Select event type “**Applicable Pricing Supplement – New Listing**”

Create New filing - Listing Application

Choose Customer Interest Rate Issuer -

Choose Events

Select event type

Applicable Pricing Supplement - New Listing

Applicable Pricing Supplement - Tap Issue

Redemption Of Securities

Repurchase Of Securities

Add

No Events Selected

NEXT

Overview of the automation process – First submission



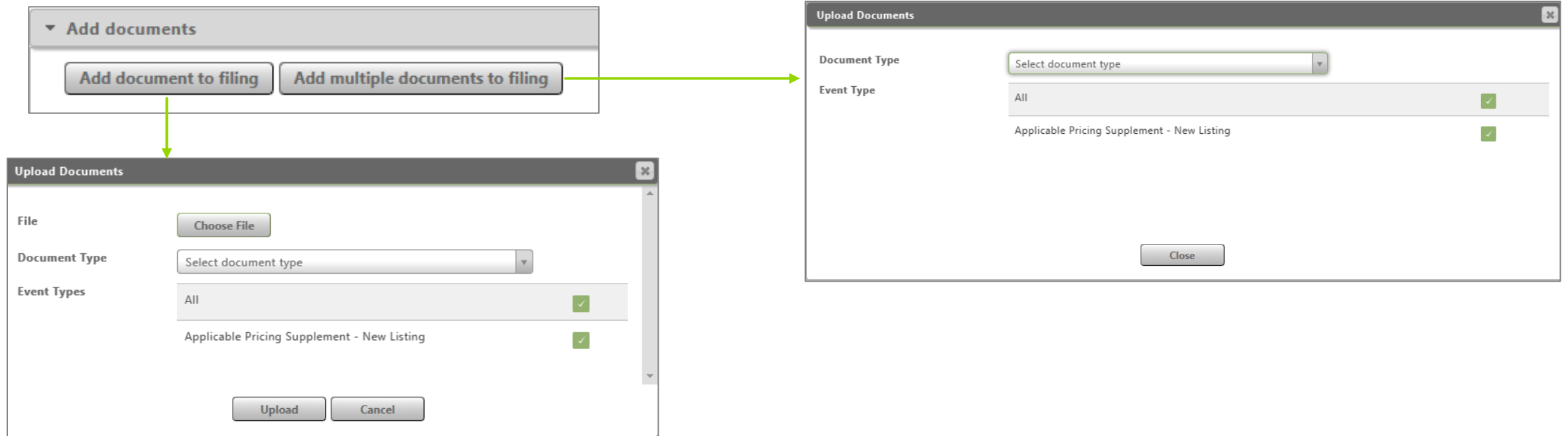
- Click the “**Add**” button on the right-hand side
- Then click on the “**Next**” button below

A screenshot of a web application interface for creating a new filing. The title bar reads "Create New filing - Listing Application". Below the title bar, there are two main sections: "Choose Customer" and "Choose Events". The "Choose Customer" section has a dropdown menu currently showing "Interest Rate Issuer -". The "Choose Events" section has a dropdown menu showing "Applicable Pricing Supplement - New Listing". To the right of this dropdown are two buttons: "Add" and "Cancel". The "Add" button is highlighted with an orange border. Below the "Choose Events" section, the text "No Events Selected" is displayed. At the bottom right of the form, there is a "NEXT" button, also highlighted with an orange border.

Overview of the automation process – First submission



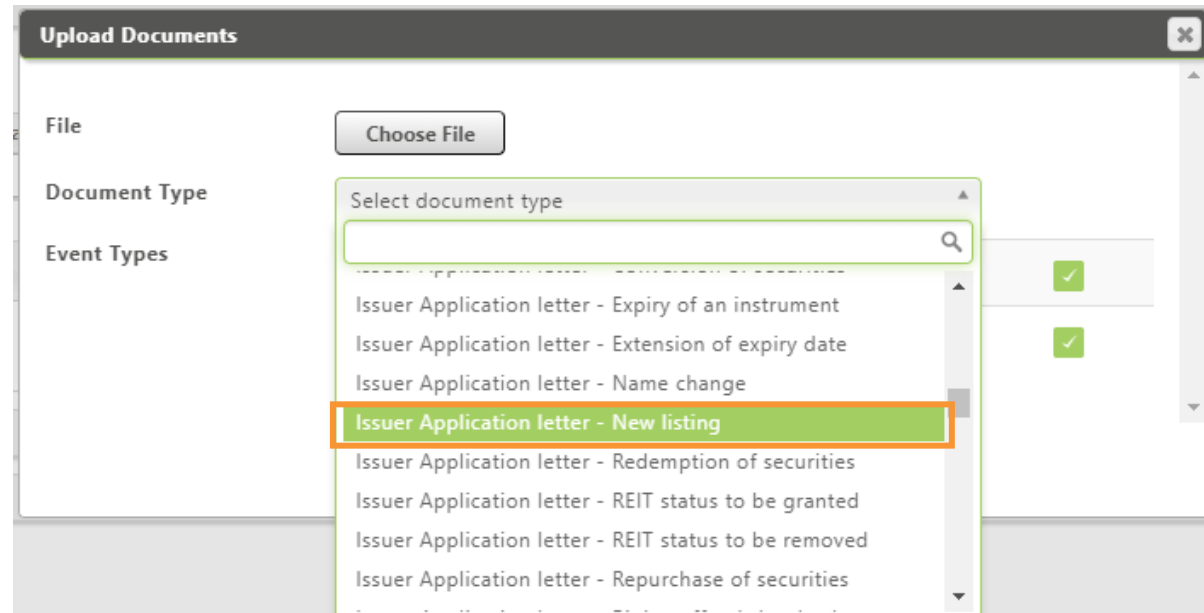
- In the “Add documents” row, select the **Add document to filing** button or the **Add multiple documents to filing** button
- This will open the respective “Upload Documents” dialog box



Overview of the automation process – First submission



- The selected **Document Type** must be “**Issuer Application letter –New Listing**”
- Choose the draft applicable pricing supplement file and click on the “**Upload**” button
- Other documents can also be uploaded at this point should these be available e.g. exchange control approval



Overview of the automation process – First submission



- Click on the next row titled “**Listing Application Confirmations**”
- The following questions will be displayed:

▼ Listing Application Confirmations

1. Is there a reference to an underlying entity, security, index or benchmark? Yes No

2. Is exchange control approval required? Yes No

3. Does the Pricing Supplement comply with all relevant sections of the Debt Listings Requirements? Yes No

4. Does the pricing supplement contain the same T&Cs to those already approved by the JSE? Yes No

Overview of the automation process – First submission



- **NB:** For all sustainability / transition segment debt securities **OR** debt securities referencing an underlying entity, security, index or benchmark, please tick “Yes” for question 1
- The following additional queries will appear under question 1:

Listing Application Confirmations	
1. Is there a reference to an underlying entity, security, index or benchmark?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
a. Are the index and index calculator approved in accordance with the Debt listing requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Is this an asset backed debt security (excluding securitisations)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Will the debt security be a Use of Proceeds, Sustainability - Linked or Transition debt security?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Overview of the automation process – First submission

Listing Application Confirmations

1. Is there a reference to an underlying entity, security, index or benchmark?

a. Are the index and index calculator approved in accordance with the Debt listing requirements?

b. Is this an asset backed debt security (excluding securitisations)?

c. Will the debt security be a Use of Proceeds, Sustainability - Linked or Transition debt security?

Yes No

Yes No

Yes No

Yes No

- Click on the appropriate answers to the sub-questions:
 - a. If the **index or index calculator** is approved – tick “**Yes**”; if not – tick “**No**”
 - b. If it’s an **asset-backed debt security and not a securitisation** – tick “**Yes**”;
If it’s an **asset-backed debt security issued pursuant to a securitisation** – tick “**No**”
 - c. If it will be a **Use of proceeds, Sustainability-Linked or Transition debt security** – tick “**Yes**”; if not – tick “**No**”

Overview of the automation process – First submission




2. Is exchange control approval required?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Does the Pricing Supplement comply with all relevant sections of the Debt Listings Requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the pricing supplement contain the same T&Cs to those already approved by the JSE?	<input type="checkbox"/> Yes <input type="checkbox"/> No

- Complete the remaining questions 2 to 4:
 - If exchange control approval is required, a reminder box will appear
 - Please note that submission of exchange control approval is not mandatory for the first submission but will be **mandatory on formal submission**

▼ Listing Application Confirmations

1. Is there a reference to an underlying entity, security, index or benchmark?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. Is exchange control approval required?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

 Please upload the document using the document type, 'Other Regulatory approval - Exchange control'.

Overview of the automation process – First submission



- Click on the next row titled “**Listing Application Request**”
- Complete the information requested, information with an asterisk* is **mandatory**

▼ Listing Application Request

Offering Circular	<input type="checkbox"/>	
Programme Name *	<input type="text"/>	
Programme Size *	<input type="text"/>	<input type="checkbox"/> Unlimited
Listing Date *	<input type="text"/>	
Instrument Type *	<input type="text" value="Select Instrument Type"/>	
JSE Alpha Code *	<input type="text"/>	
Nominal Amount <i>l</i>	<input type="text"/>	
Sustainability Type *	<input type="text" value="Select Sustainability Type"/>	
Confirmation Emails	<input type="text" value="email@example.com"/>	<input type="button" value="Add"/>

Overview of the automation process – First submission

- Some information is requested based on the answers to the questions in the Listing Application Confirmation row e.g. Sustainability Type
- The system will not allow a listing date that is **less than 3 business days** from the current date
- For Structured Notes, the inclusion of the **CFI code is mandatory**
- Click on the button that states “**Set**” and the following dialog box will appear:

The screenshot shows a form with the following fields:

- Instrument Type * (Dropdown menu: Structured Note)
- CFI Code * (Text input field)
- Set (Button)

A green arrow points from the 'Set' button to a dialog box titled 'DXXXXX'. The dialog box contains the following fields:

- Category (Dropdown menu: D - Debt Instruments)
- Distribution (Dropdown menu: X - Not Appl./Undefined)
- Group (Dropdown menu: X - Not Appl./Undefined)
- Repayment (Dropdown menu: X - Not Appl./Undefined)
- Type (Dropdown menu: X - Not Appl./Undefined)
- Underlying Assets (Dropdown menu: X - Not Appl./Undefined)
- Cancel (Button)
- Save (Button)

Overview of the automation process – First submission



- Click on the appropriate attributes for the debt security and then click **“Save”**. The CFI code will then populate automatically on the screen

The screenshot shows a form with two rows. The first row is labeled 'Instrument Type' and has a dropdown menu with 'Structured Note' selected. The second row is labeled 'CFI Code' and has a text input field containing 'DSAFFS' and a 'Set' button to its right.

- Should you wish the email correspondence to be sent to additional individuals or groups not linked to the specific Debt Sponsor, please include the relevant recipients under **“Confirmation Emails”** and click **“Add”** for each email address

The screenshot shows a form with a label 'Confirmation Emails' on the left. To the right is a text input field containing 'email@example.com' and an 'Add' button.

- Once all information is completed, click **“Save”**

Overview of the automation process – First submission



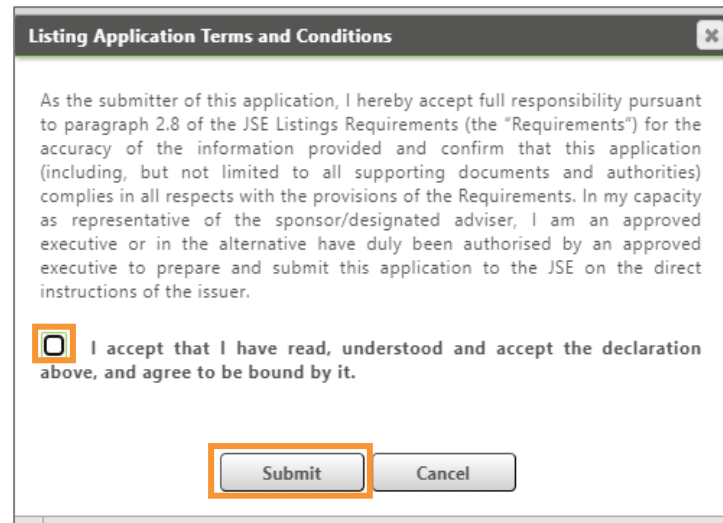
- You can then click on the “**Submit Filing**” button at the bottom of the screen

Listing Application Request

Offering Circular	<input type="checkbox"/>
Programme Name *	<input type="text" value="XYZ programme"/>
Programme Size *	<input type="text"/> <input checked="" type="checkbox"/> Unlimited
Listing Date *	<input type="text" value="2024-08-22"/>
Instrument Type *	<input type="text" value="Floating Rate Note"/>
JSE Alpha Code *	<input type="text" value="XY001"/>
Nominal Amount <i>i.</i>	<input type="text"/>
Confirmation Emails	<input type="text" value="email@example.com"/> <input type="button" value="Add"/>

Overview of the automation process – First submission

- A dialogue box will appear, requesting the Debt Sponsor declaration (the same as is currently applied for redemption and repurchase submissions)
- **Click on the tick box** next to “I accept that I have read, understood and accept the declaration above, and agree to be bound by it.”
- Then click the “**Submit**” button



Overview of the automation process – First submission



- The filing will then be automatically allocated either directly to the Corporate Actions team or to the Issuer Regulation team for review, in accordance with the responses provided to the questions
- **NB:** If any information is missing or needs to be changed, the filing will be reworked to the Debt Sponsor for amendment



Automation process – Formal submission

Overview of the automation process – Formal submission

- Once informal approval is granted, an email will be sent to the Debt Sponsor confirming this and it will include the ISIN. The ISIN will also be visible on the Webstir filing
- The Debt Sponsor can then submit either the **signed APS** for formal approval **OR** the **unsigned APS** for conditional formal approval
- Click on the filing in the Debt Sponsor worklist

The screenshot displays the 'Filing Details' page in a web application. At the top, a blue notification bar states 'Amendments are saved automatically'. Below this, the 'Customer' field is set to 'Interest Rate Issuer'. The 'Choose Events' section shows 'Applicable Pricing Supplement - New Listing'. The 'Add documents' section indicates '1 document uploaded' and provides buttons for 'Add document to filing' and 'Add multiple documents to filing'. A table lists the uploaded document:

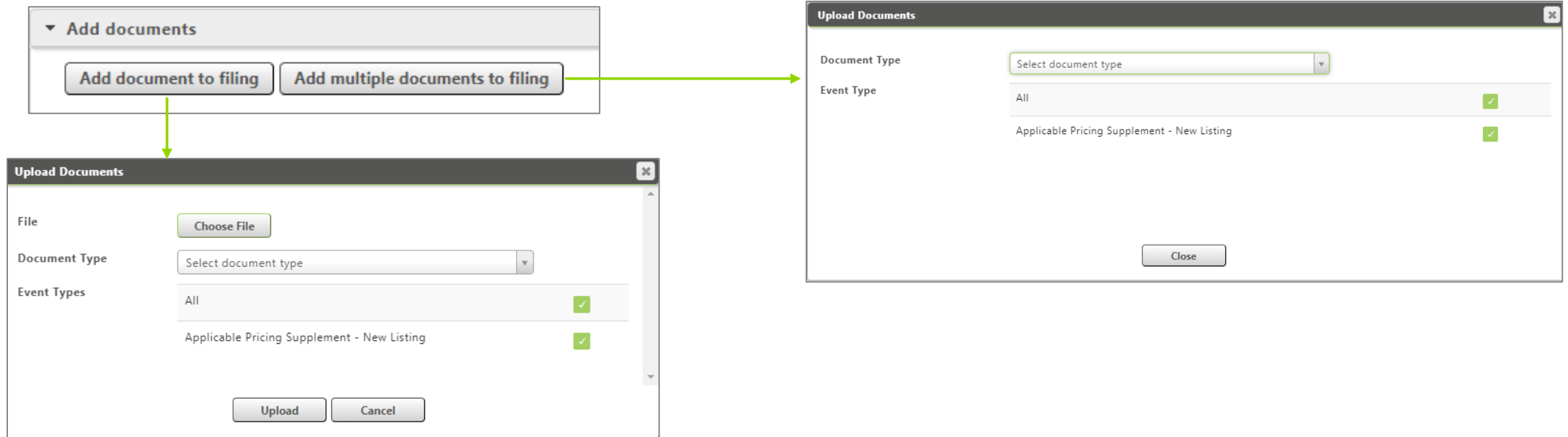
Document Name	Version	Upload Date	Uploaded By	Document Type	Event Types
Test0 - Copy.txt	1	23 February 2024 at 11:10	TEST_EXT\wax	Applicable Pricing Supplement - Published	Applicable Pricing Supplement - New List, New Version

Below the table, there is a 'Delete Document(s)' button and a 'COMMENTS' section with a '0' icon. At the bottom, navigation buttons include 'BACK TO FILING LIST', 'TERMINATE FILING', 'SUBMIT FILING', and 'FORMAL SUBMISSION'. The page number 'Page 1 of 1' and a total of '50' items are also visible.

Overview of the automation process – Formal submission



- Under the “Add documents” row, select the **Add document to filing** button or the **Add multiple documents to filing** button
- This will open the respective “Upload Documents” dialog box



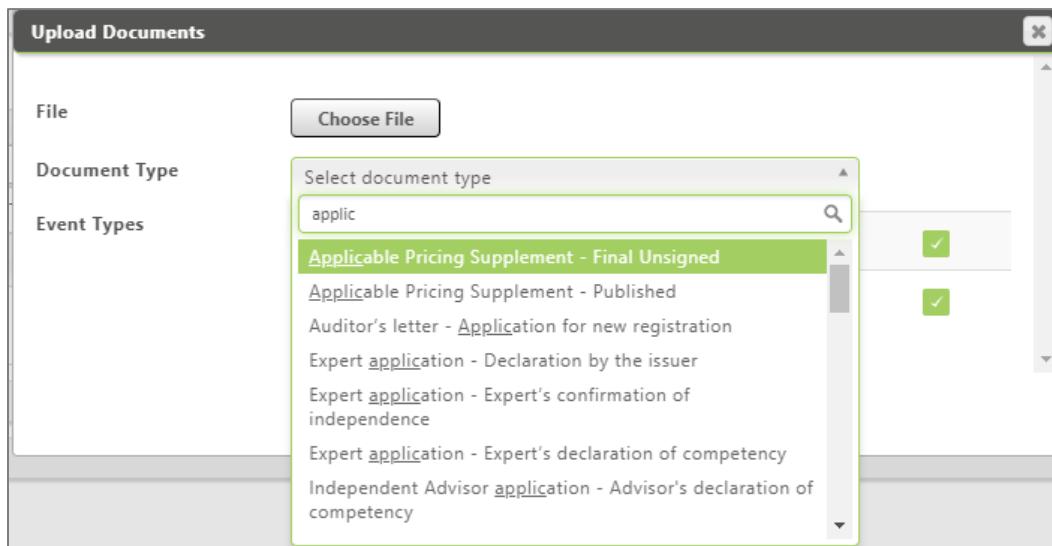
Overview of the automation process – Formal submission

- If it is a **final unsigned APS** - the selected Document Type should be “**Applicable Pricing Supplement – Final Unsigned**”

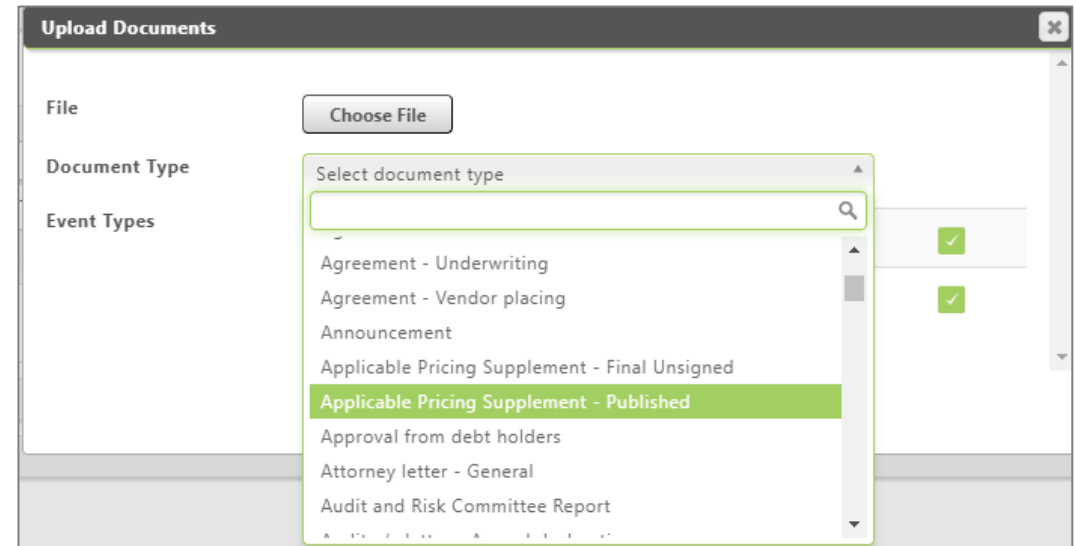
(The formal unsigned APS must be submitted a minimum of **2 days before** Listing Date)*

- If it is a **final signed APS** - the selected Document Type should be “**Applicable Pricing Supplement –Published**”

*(*A formal signed APS must be submitted a minimum of **1 day before** Listing Date)*



The screenshot shows the 'Upload Documents' window. The 'Document Type' dropdown menu is open, displaying a search bar with 'applic' and a list of document types. The first option, 'Applicable Pricing Supplement - Final Unsigned', is highlighted in green. Other options include 'Applicable Pricing Supplement - Published', 'Auditor's letter - Application for new registration', 'Expert application - Declaration by the issuer', 'Expert application - Expert's confirmation of independence', 'Expert application - Expert's declaration of competency', and 'Independent Advisor application - Advisor's declaration of competency'. Checkmarks are visible to the right of the first two options.



The screenshot shows the 'Upload Documents' window. The 'Document Type' dropdown menu is open, displaying a search bar and a list of document types. The option 'Applicable Pricing Supplement - Published' is highlighted in green. Other options include 'Agreement - Underwriting', 'Agreement - Vendor placing', 'Announcement', 'Applicable Pricing Supplement - Final Unsigned', 'Approval from debt holders', 'Attorney letter - General', and 'Audit and Risk Committee Report'. Checkmarks are visible to the right of the first two options.

Overview of the automation process – Formal submission



- If the Debt Sponsor ticked “**Yes**” in response to Q2: “**Is exchange control approval required**” in the first submission, then the exchange control approval letter must be included in the filing on formal submission
- The **Document Type** for exchange control approval is the same – “**Other Regulatory Approval – Exchange Control**”
- Once done, click on the “**Formal Submission**” button

Delete Document(s)

COMMENTS 0

BACK TO FILING LIST TERMINATE FILING SUBMIT FILING **FORMAL SUBMISSION**

Overview of the automation process – Formal submission



- If the **final unsigned APS** was submitted, the CA team will review and, if all is in order, grant conditional formal approval. The same process must then be followed when the Debt Sponsor is submitting the signed APS
- If the **final signed APS** was submitted, the CA team will review and, if all is in order, grant formal approval ****Note this must be received by 10:30 one business day before listing date**
- **NB:** If any information is missing or needs to be changed, the filing will be reworked to the Debt Sponsor for amendment
- Once formal approval is granted, the instrument details will be shared with Strate for the creation in their system, and on-published to CSDPs and Asset Managers. Upon receiving confirmation from Strate, the instrument will be loaded onto Nutron and will be made available for trades to take place (**SLA with Market is at 13:00 on LD-1**)



Implementation of automation process

When will this be implemented and who to contact?



- The target go-live date is **Monday, 2 September 2024**
- Final deployment and implementation activities are scheduled to take place on Saturday 31 August 2024 and GO / NO GO Decision will be confirmed on the day. Debt Sponsors will be notified should we need to roll-back or delay the go live
- Should you have any queries on this revised process please contact the Debt and Specialist Securities team on irdss@jse.co.za



Thank you

let's connect

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