

JSE Software Provider Forum Q1 2021/02/04

Meeting Date: 04 February 2021
Meeting Time: Call: 13:00 to 14:00
Meeting Venue: Webinar (Please see attached guide)
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Meeting Duration: 1 Hour
Subject: JSE Software Provider Forum Q1

let's connect

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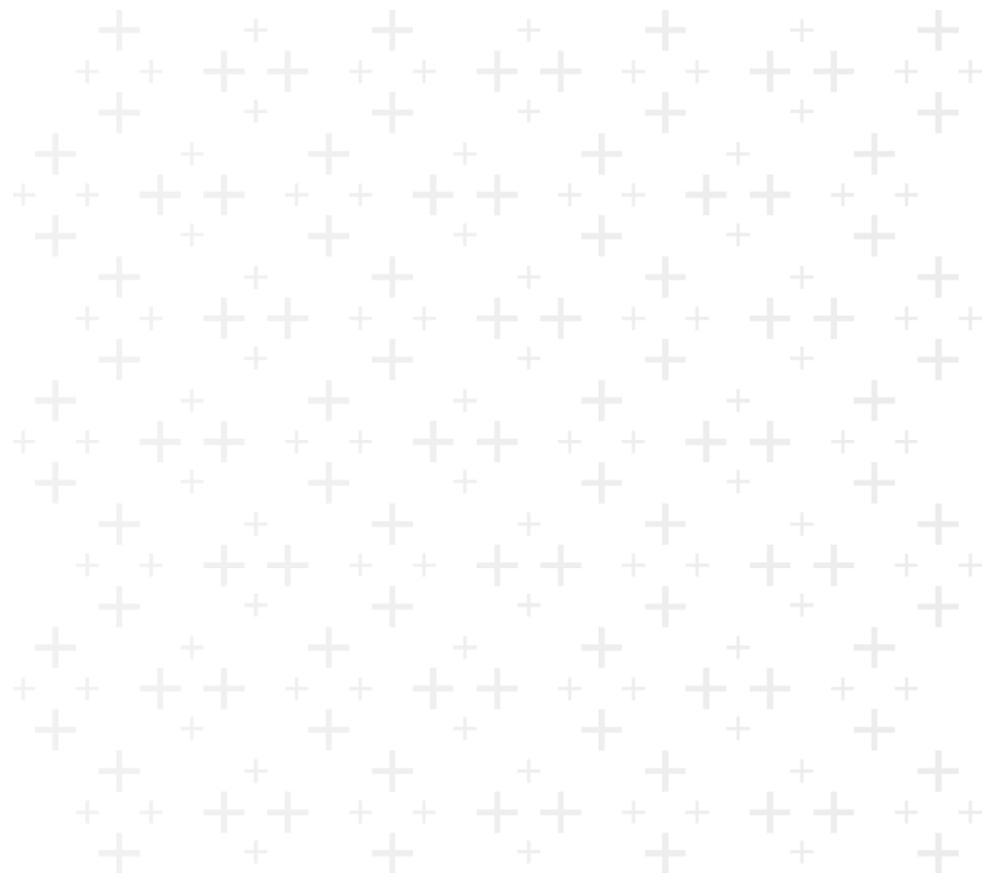


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2. Market Data

- Neil Vendeiro



Industry Classification Benchmark (ICB) Changes

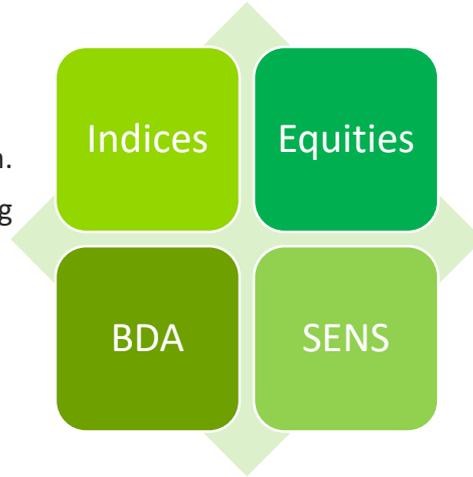
High Level recap of impacts

Indices

- Impacts most fixed width data records based non-live Indices data products.
- Decision made not to make sector changes to the fixed width data record based data products due to product format “sunset” path.
- Instead the range of CSV format files will be extended with sector changes to provide replacements of all impacted Indices.
- High focus work is taking place to complete few outstanding CSV format files – cater for Earning Yield and JSE Value-Add data records

BDA

- Impacts Sector code field on Dissemination Card Codes 92, 95 and 96
- XML Statements - Sector Code tag increase from 34 to 38 characters for 8 character sector code



Equities

- Impacts most fixed width data records based non-live Equities data products
- Not only changes to data but also field offset changes that impacts most data records
- Instrument Reference data mapping spreadsheet of the AS IS and TO BE is available at the following link [Instrument Mapping AS IS - TO BE](#)

SENS & NENS Services (JSE & NSX)

- ICB SubSector field is an embedded tag within the NewsML of the EncodedText repeating block field of the News message
- Field size increase from four to eight characters
- For e.g. Gold Mining SubSector is 1770 and will change to 55103025

Industry Classification Benchmark (ICB) Changes

25 Feb 2021 - Final information session (virtual event) planned for February which will include Software Providers.

(Eunice) Next set of Indices CSV format test data files to be made available ...

High focus development taking place on CSV format replacements for Indices Earning Yield values and JSE value add data records – will be provided in early part of Feb.

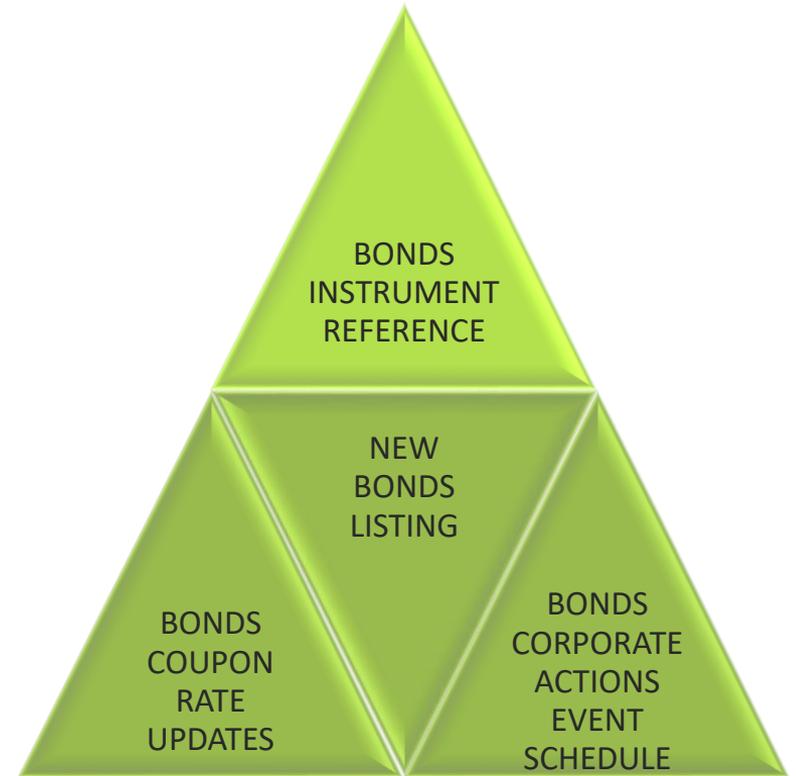
1st week Feb – Availability of Indices and Equities market data test files (including client specific files)

BDA test data files for trading members available on the JSE website.
BDA Test data files for Institutions to be distributed directly to impacted institutions.
1st week Feb - XML statement test files will be made available.

1 Feb 2021 - SENS Real-time test data will be available in the CTS2A environment

Bonds Reference Data and Corporate Actions Product Family

- New family comprises one “now” reference data view and three “forward looking” views that will impact reference data
- Arises from a long term multi-year project to centralise management of reference data in one solution (branded as Aurum)
- Aside from the efficiency benefit of centralised maintenance, other key benefit will be move to structured data to help reduce own and client complexity and effort
- Bonds is first phase with other asset classes tackled over time but timings not yet firmed.



Bonds Reference Data and Corporate Actions Products

- Enhanced replacement of Bonds Database product
- Only covers listed Bonds
- CSV and Excel versions
- Already available in production mode via IDP
- Will replace a range of content published via market notices

- Replacement of market notice content rather than current product replacement Once

Bonds
Instrument
Reference

New Bonds
Listing

Bonds
Coupon Rate
Update

Bonds
Corporate
Actions Event
Schedule

- Replacement of market notice content rather than current product replacement Once Bond listed moves over to Bond Instrument Reference
- Exact same product layout as Bond Instrument Reference data product
- Published multiple times in day

- Replacement of market notice content rather than current product replacement Once

Bonds Reference Data and Corporate Actions Products

Bonds Instrument
Reference data product
announced on 23 Nov
2020.

Cut-over date - 3 May
2021.

Product is already
available in production
mode via IDP.

Other three data products
technically ready.

Finalising specifications,
licensing and
commercials.

Happy to provide access
production files ahead of
official notice.

Intention is to wrap up
and formally introduce
products ASAP in Q1.

Reasonable notice period
will be provided for move
from unstructured
(market notices) to
structured data (data
products)

3. Trading Enhancements (MIT Release)

- Andrea Maisel
- Godfrey Matjuda
- Martin Koch

Next MIT Release:

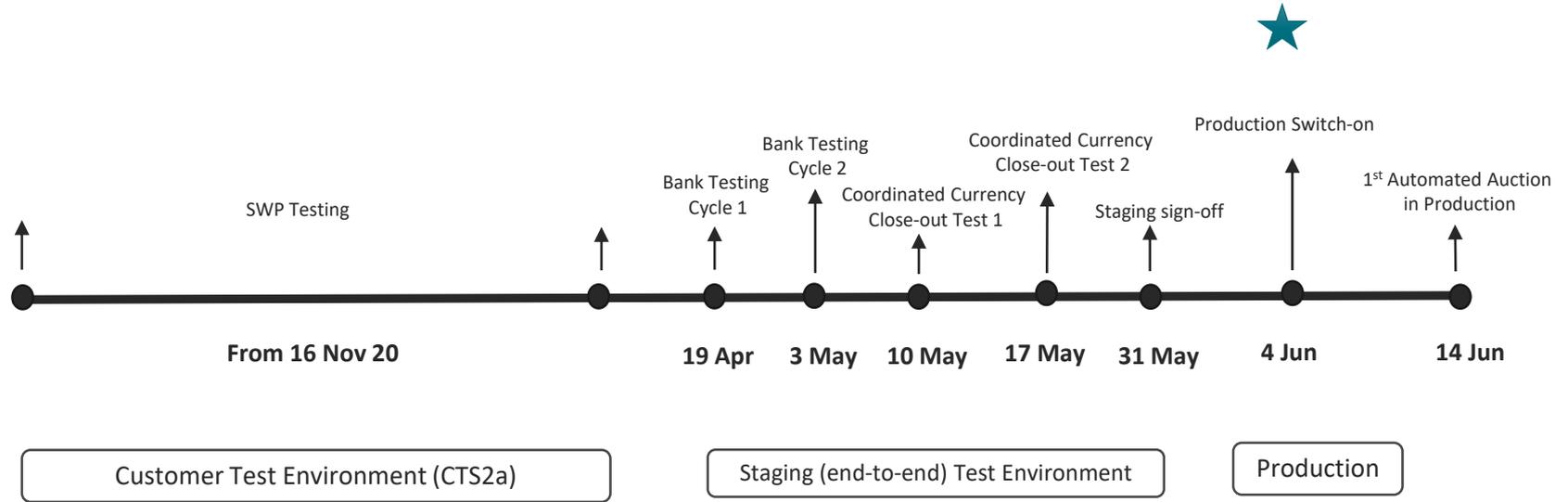
The next release will be light on APIs and will utilize the versioning capability introduced during the upgrade.

- Enhancements included:
 - Iceberg identification enhancement
 - Pegged Hidden Order change to allow only *Pegged-to-Mid* orders in ZA06
 - FX Auction Automation (Internal to JSE) – No Impact
- Updates are optional

Next MIT Release:

- Timeline:
 - Code deployed into production:
 - 27th February 2021
 - 6th March 2021 (contingency date)
 - **Note, FX Closeout Auction Automation will not be enabled**
 - FX Closeout Auction Automation go-live (Automation of the Market Maker quarterly close out auction):
 - This will be enabled \pm 2 weeks prior to the FX Closeout on 14 June 2021
 - Code was deployed into Customer Test environment (CTS2A) on 16 November 2020
 - Code was deployed into the Staging Environment (end-to-end test environment) on 13 January 2021
 - We encourage SWP and members to test the enhancements

Testing Timeline

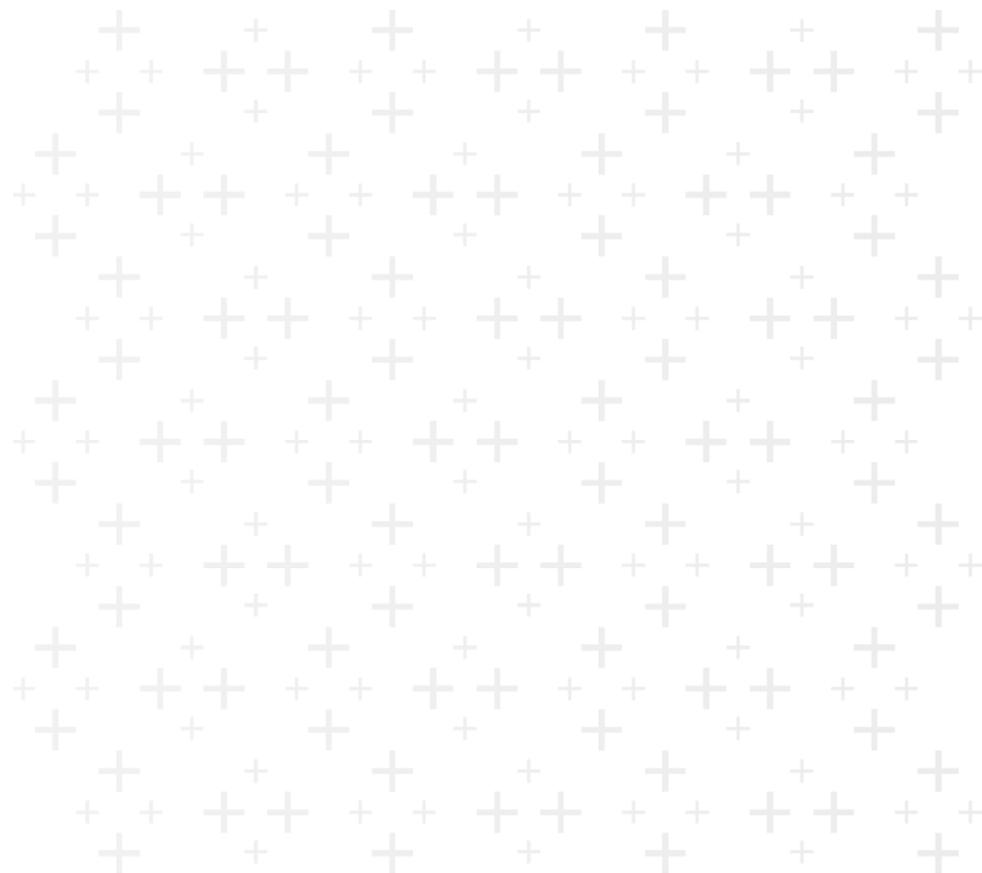


Backlog Items being Assessed and Prioritised:

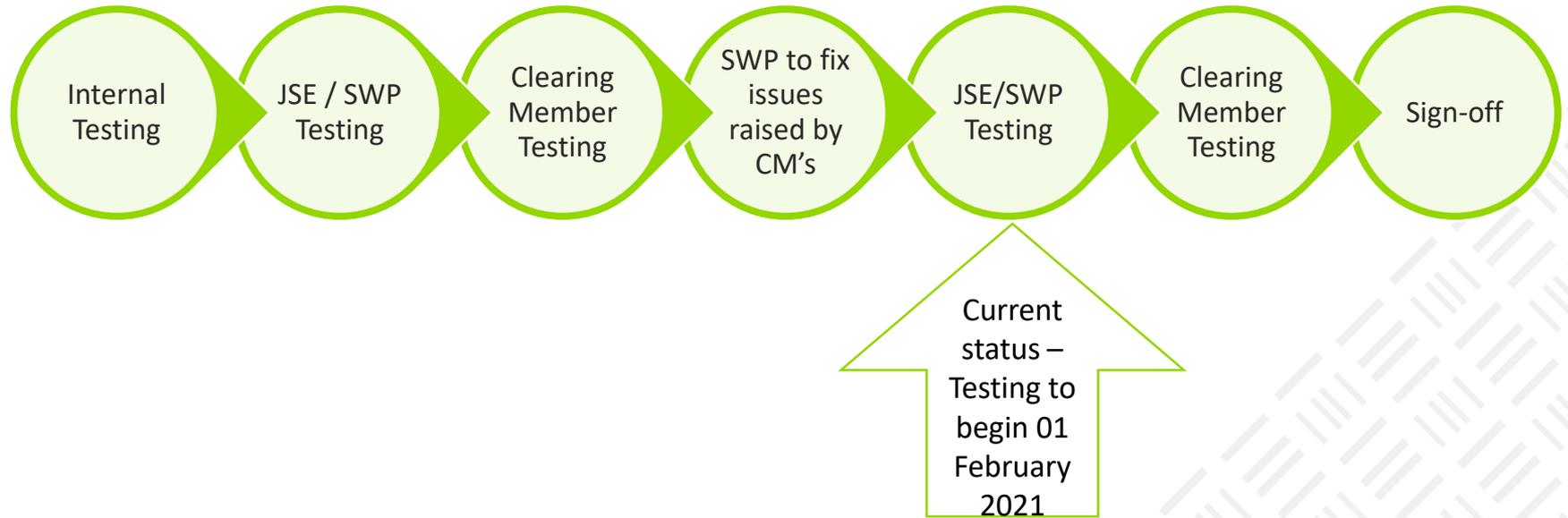
- Commission field on TCRs
- Delay model enhancement for Block Trades (BT)
- Self-match prevention
- TCRs disseminated to all CompIDs before trade confirmations
- Internal NEWS (SENS) system replacement

4. Post trade

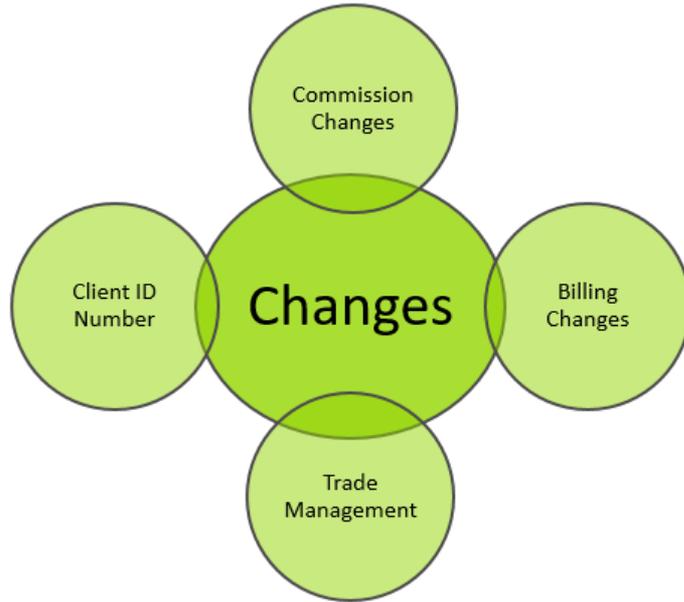
- Vaneshri Chetty
- Megan Davids



Intra-day Margin Call – Derivative Markets

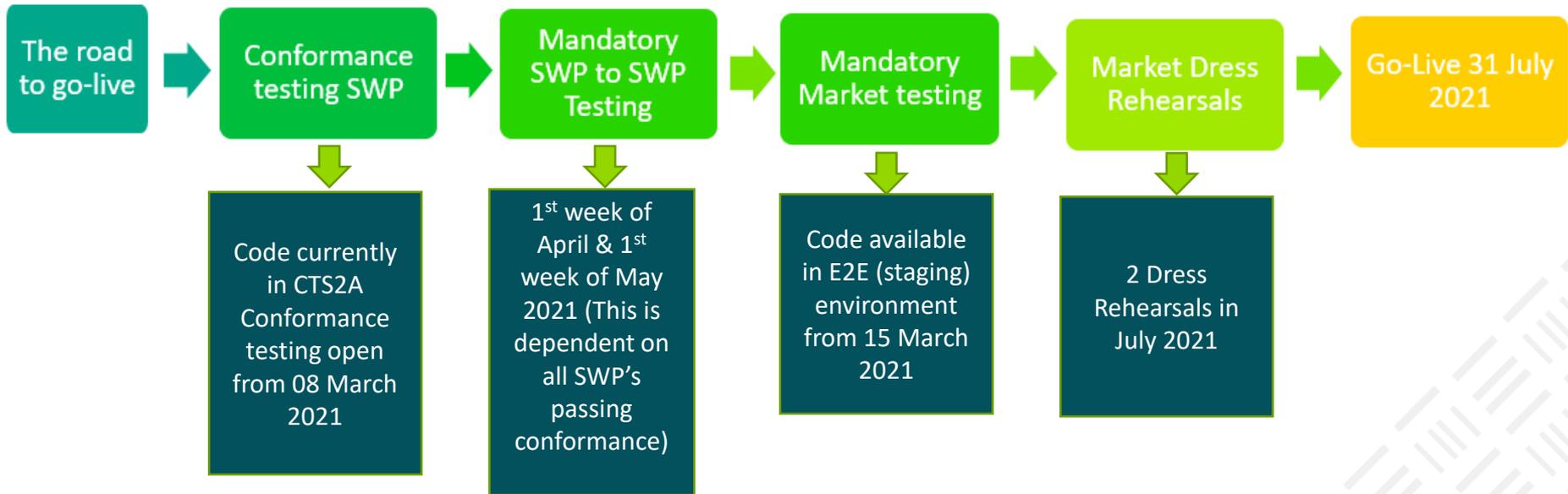


RTC 1.34 Software Upgrade



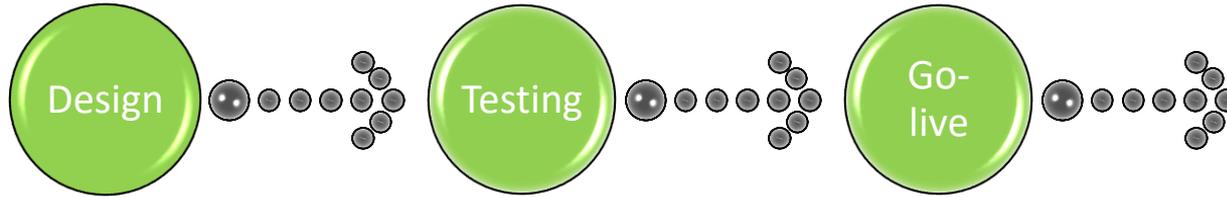
- Commissions remain pending until accepted
- Commissions can be edited to indicate if they are inclusive of standard VAT or if VAT is at 0%
- Commissions may be viewed before assign or tripartite
- New billing fields allow JSE billing system to apply discounts when spread orders match with implied orders
- New messages to allow the updating of trade reference fields
- ID Number field will only accept 13 numerical values

RTC 1.34 Software Upgrade continued...



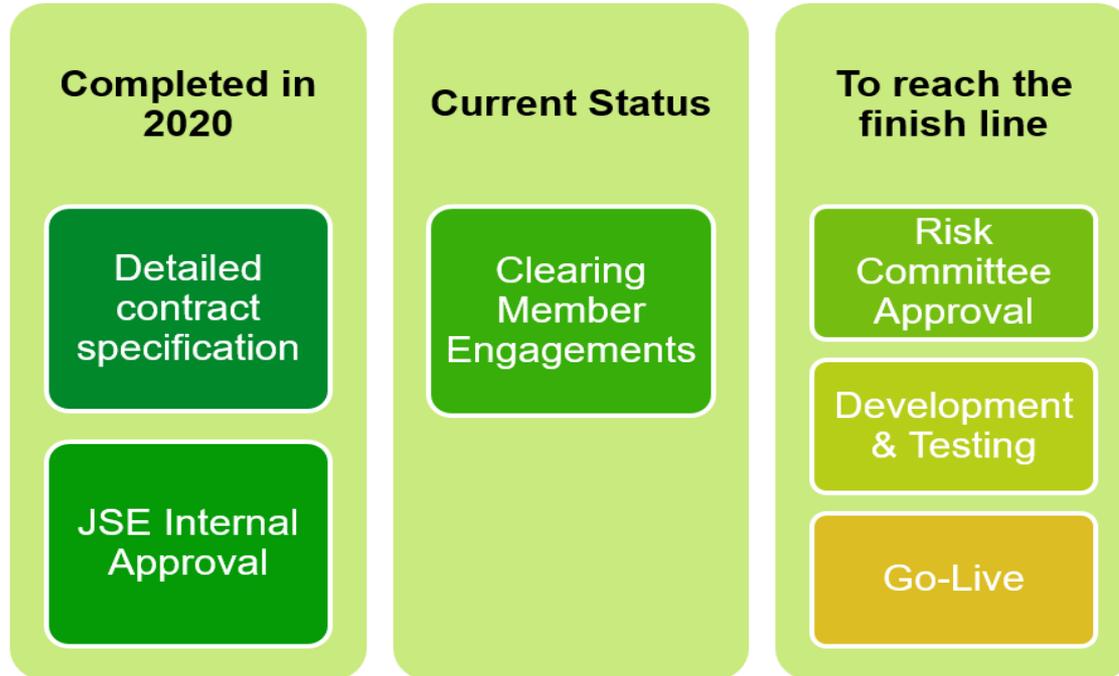
We will be engaging monthly with SWP's on a one-on-one basis in order to align on the status of the project i.e. development, testing, issues etc.
SWP's to engage with their clients

RTC Hardware Refresh



- RTC system hardware due for an upgrade to latest technology
- Routine refresh as hardware reaches end of support cycle from vendor
- Solution design for environment in progress
 - Test environments
 - Production environments
- Software provider, member/clearing member testing required prior to go live
- Market facing cutover dress rehearsals and go live planned for H2 2021

Diesel



Other Items that will affect Clearing and Settlement

- MIT Upgrade FX Auction Automation
- IR System Upgrade
- Liquidation Add-On for CDM

Non-cash and FX Collateral – System Readiness

FX Collateral	Securities Collateral
<ul style="list-style-type: none"><li data-bbox="280 285 927 390">• Internal business process design for accepting non ZAR cash collateral in progress<li data-bbox="280 437 927 699">• Real Time Clearing system is ready to accept FX collateral, end to end testing pending to confirm all capabilities (not included in ITaC project end to end testing)<li data-bbox="280 746 710 776">• Market engagement to follow	<ul style="list-style-type: none"><li data-bbox="950 285 1622 390">• Some testing done during ITaC implementation phase<li data-bbox="950 437 1622 543">• Outstanding software enhancements required from RTC vendor<li data-bbox="950 590 1622 776">• Legislation changes to Insolvency Act pending (no confirmed date) before end to end testing and implementation will commence

Margin Methodology Changes

Current Method

Margining methodology used for Currency Derivatives is JSPAN and applied in the Real Time Clearing System.

The JSPAN algorithm is used to determine account-level based margin requirements for all contracts cleared by JSE Clear

Each contract has four JSPAN parameters associated with it:
- IMR, CSMR, SSMR and the VSR

Background

RTC was during ITaC envisaged to cater for JSPAN and VaR to enable a migration approach to the new methodology post go live.

This did not materialize due to project timeline pressures and the methodology is not fully available within RTC at this point.

Moving from JSPAN to an advanced risk modelling methodology such as VaR will result in optimized and possibly reduced margins

Next Steps

1

Implementation of a standalone risk engine providing margin calculation results of chosen methodology back to the clearing system(s)

2

Implement the new methodology in the existing clearing system

Any decision will take into account other initiatives currently underway i.e. the JSE Clear OTC solution and the migration of the remaining NUTRON markets to new technology

5. Trading – Neutron Releases

- James Rakumako

Project Feedback

- Market Facing Dress Rehearsal – Successfully tested, 24 October 2020*
- Go Live –Saturday, 7 November 2020* Successfully

Nutron Post DIS Release - Update

- API Changes
- Completed Orders / Unsettled Orders data
 - New Field added - Uncommit/Commit Reason



- Updated Release will only include:
 - Bug fixes
 - Clearing Member Transfer
 - Strate Confirmation Service

BOARD NOTICE 163 OF 2017

NOTICE 54 OF 2017

FINANCIAL SERVICES BOARD

FINANCIAL MARKETS ACT, 2012

AMENDMENTS TO STRATE RULES – DIS (DEBT INSTRUMENT SOLUTION)

Nutron Post DIS Release - Timeline

- Fixes to be deployed into:
 - CTS Environments 1st March 2021
 - Production 17th April 2021

6. Products – Migration of REPO's off Nutron

- Bernard Classens

Migration of REPO's off of Nutron

- JSE Aimed to migrate repo trading and trade reporting off of Nutron and onto MTS technology by Q3 2021.
- The initiative involved a complete change of technology as well as various integrations both internally and externally
- The amount of work and cost was has become more clearer as we have worked through a number of the requirements.
- While we are committed to moving the REPO market forward and providing the market with tools to grow their business and reduce costs we need to be certain that the path that we follow does not actually increase costs to all stakeholders.

The initiative has been paused while the JSE assesses the impact to all affected parties. We will be give a status update once we have completed our internal review.

7. Diesel – Contract Update

- Zintle Dastile

Diesel Contract Update

A new settlement type has been created for the Diesel contract – **Cash settled with an option to physically settle**

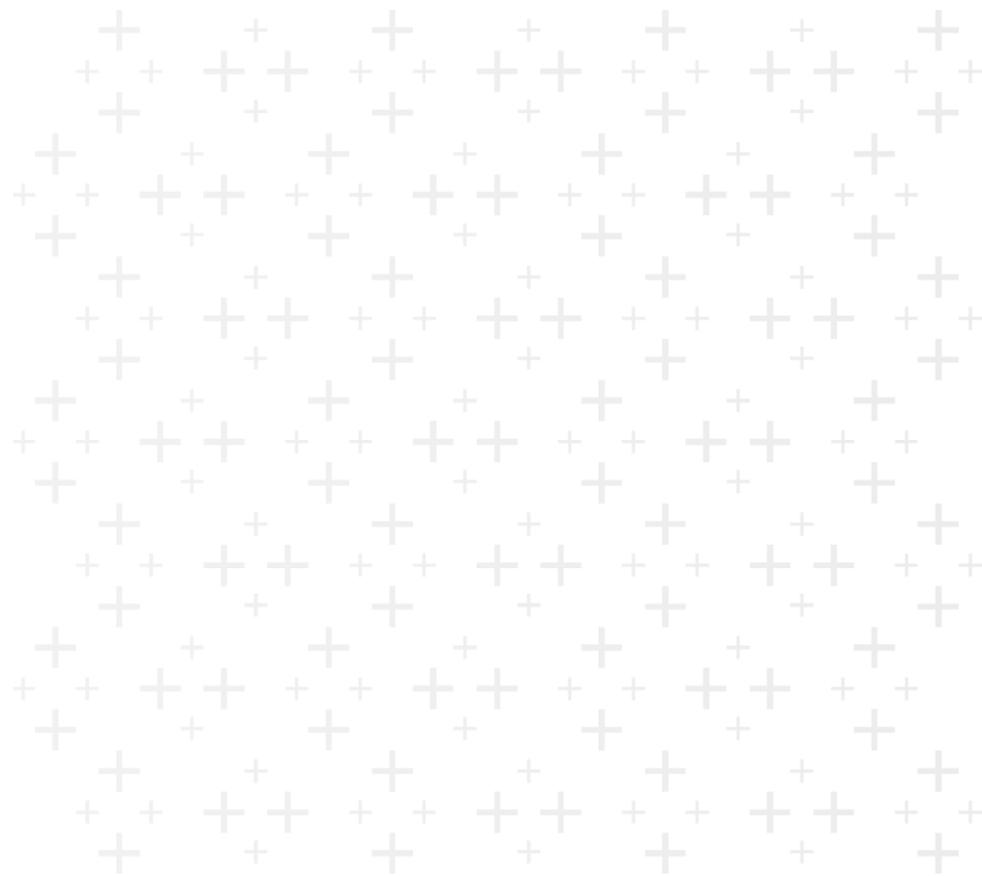
API Changes	Front End Changes
<ul style="list-style-type: none">• Database settlement type field• The instrument table• The instrument structure• Affected stored procedures	<ul style="list-style-type: none">• Downloading instruments from the API• No onscreen or off screen trading on expiry day• Must deliver functionality disabled for contract• Spot Basis premium trading only permitted from 1st Wednesday to last trading day of expiry month

Diesel Continued with Timeline

- **JSE internal dev and testing**
 - Feb to May 2021
- **Publish API Spec to external vendor**
 - May 2021
- **External Dev and UAT Testing**
 - July to Oct 2021
- **Market Dress Rehearsals**
 - Oct – Nov 2021
- **Go Live**
 - Nov 2021

8. General

- Questions



End, Thank you...

