

# JSE Software Provider Forum Q1 2022/03/10

**Meeting Date:** 10 March 2022

**Meeting Time:** Call: 13:00 to 14:00

**Meeting Venue:** Webinar (Please see attached guide)

**Webinar:** **Join on your computer or mobile app**

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**Meeting Duration:** 1 Hour

**Subject:** JSE Software Provider Forum Q1 2022

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Regards

**Langa Manqele**

Head: Equities and Equity Derivatives

Capital Markets

+27 11 520 7360

+27 82 295 9840

[Langam@jse.co.za](mailto:Langam@jse.co.za)



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JSE Limited · One Exchange Square · Gwen Lane · Sandown · South Africa

[www.jse.co.za](https://www.jse.co.za)

Kind regards,

**Wesley Kandasamy**

Technical Manager

Capital Markets and Group Strategy

T +27 11 520 7777

D +27 11 520 7580

C +27 63 757 3802

E [wesleyk@jse.co.za](mailto:wesleyk@jse.co.za)



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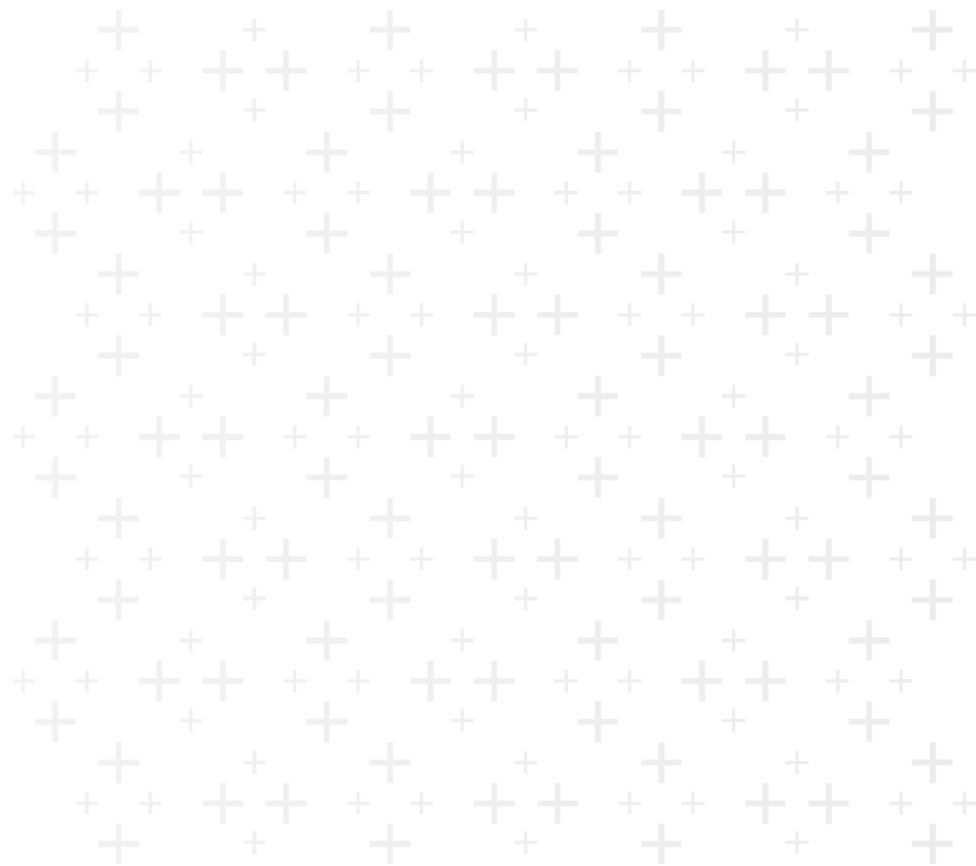


# Agenda

- |  |         |  |           |
|--|---------|--|-----------|
| <b>1. Welcome</b>                                |         |  |           |
| • Wesley Kandasamy                               | – 5Min  |  | <b>2</b>  |
| <b>2. Market Data</b>                            |         |  |           |
| • Neil Vendeiro                                  | – 10Min |  | <b>3</b>  |
| <b>3. Trading</b>                                |         |  |           |
| • James Rakumako                                 | – 5Min  |  | <b>7</b>  |
| <b>4. Trading – Enhancements</b>                 |         |  |           |
| • Martin Koch, Andrea Maisel, Hlamalani Huhlwane | – 20Min |  | <b>9</b>  |
| <b>5. Securities Collateral Project</b>          |         |  |           |
| • Vaneshri Chetty                                | – 15Min |  | <b>13</b> |
| <b>6. General and Questions</b>                  |         |  |           |
| • Demo on Key dates Summary                      | – 5Min  |  | <b>23</b> |

## 2. Market Data

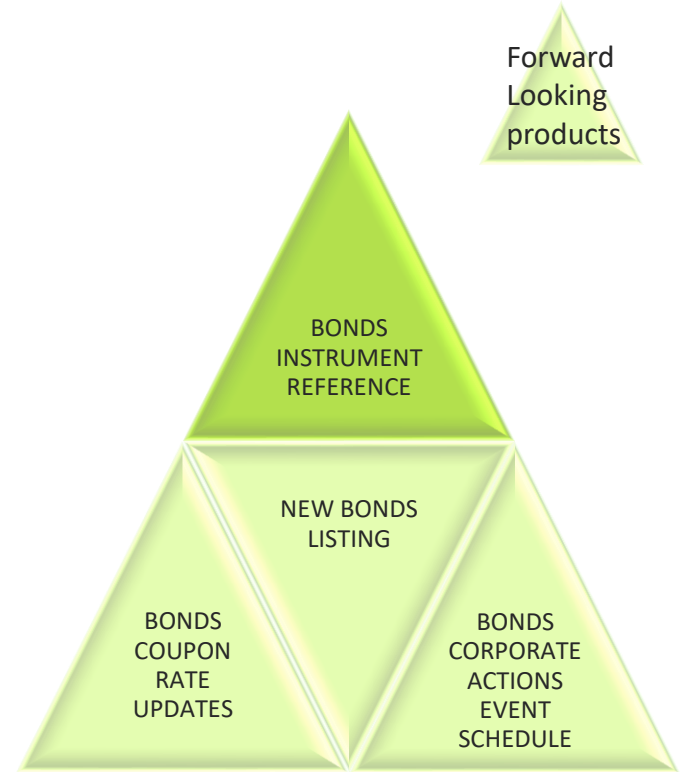
- Neil Vendeiro



# Bonds Reference Data and Corporate Actions Product Family

1. New product family comprises of four different data products.
2. The Bonds Instrument Reference data product replaced the Bond Data product and is fully live with daily and monthly Excel and CSV versions.
3. The other three new data products will replace the unstructured information provided by the Bonds specific notices issued by the JSE reference data team.
4. The three new data products were introduced at end of October for a two-month review period up to end Nov. The feedback received by the end of Nov would determine if any final design and development changes need to be made and the effort required.
5. Due to the feedback received and the importance of these three products as they will replace the notice, a last round of checking and final development has been progressing.
6. The plan is issue the go-live date in late March. **As these products will replace market notices, the notice period will be longer than 3 months.**

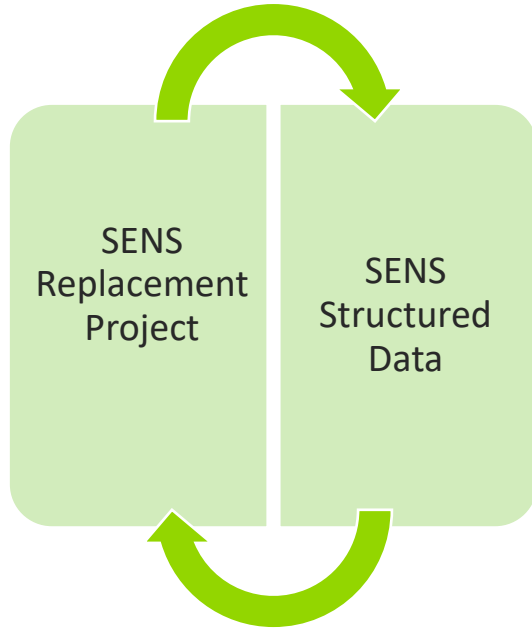
If you want to know more, send an email to [mdproducts@jse.co.za](mailto:mdproducts@jse.co.za)



# SENS REPLACEMENT PROJECT – STRUCTURED (UPDATE)

As part of the SENS Replacement Project, the JSE has been assessing, if and what additional structured data can be provided as tagged fields, as a key enhancement to the standard SENS real-time and End of Day market data products.

There are several benefits with assisting straight-through processing being the biggest.

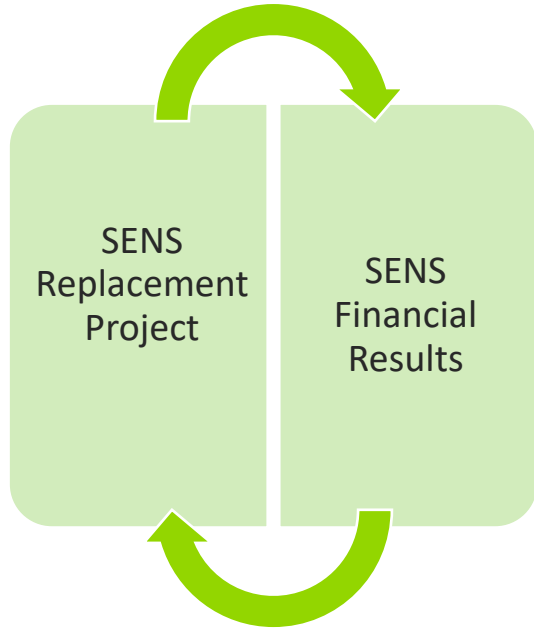


The ideal state is for the Issuers to provide the structured data directly to the JSE. However, as this will add additional effort and costs to the workload for Issuers and their sponsors, we continue to engage with them to identify possible solutions.

Another option that will be considered, if the direct from source option is not viable, is to use sophisticated technology to interpret the unstructured documents to identify and extract key data to translate into structured data.

# SENS REPLACEMENT PROJECT - FINANCIAL RESULTS (UPDATE)

The JSE is also assessing, as part of the regulation cutting red tape initiative, how to address the concerns raised by Issuers about the effort and cost of providing an Abridged version of their Financial Results over and above their full Financial Results.



The current thinking, which must still be discussed and ratified by the Issuers and their Sponsors, is to provide a new short form consisting of a specific agreed set of financial metrics that complies with IFRIS standards.

If this proposal is agreed to, this new short form will replace the Abridged version provided along provided the full Financial Results.

# 3. Trading – Neutron Releases

- James Rakumako

# 2022 Release Plan

- Commodities Derivatives Market
  - No Planned API impacting releases planned (TBC)
  - Bug and Fixes
- Interest Rate and Bonds Market
  - MT515 Contract Note Update
  - No Planned API impacting releases (TBC)
- Future Solution for Both Markets being discussed



# 4. Trading Enhancements

- Martin Koch
- Andrea Maisel
- Hlamalani Huhlwane

# Asset Class Migration:

- Technical upgrade impacting:
  - Interest Rate Derivatives Market,
  - Cash Bonds Market and
  - Commodity Derivatives and Global Markets
- To address technical vulnerabilities that will manifest in 2023
- Mostly an internal change for the JSE, however, will require clearing member sign-off and dress rehearsal participation
- No changes to the API nor frontend
- Client testing and parallel run envisaged late Q4 2022 and Q1 2023

# Trading and Information Systems Releases:

## Release 7.4 and 7.5:

- News Gateway Enhancements (All Markets) – internal JSE change; no changes required by participants; testing encouraged
- Update to data type for Notional Exposure and Notional Delta Exposure fields in Extended Statistics message (EDM and FXM) – version 7.4 – no API changes, field data type change, testing encouraged
- Fix to Trade Report Submission Request Transact Time (All Markets) – version 7.4 – no changes required by participants, testing encouraged
- **Mandatory:** Notice of removal of version 1 protocol for Native Basic Gateway (EQM)\* - by 1 July 2022
  - This will form an ongoing process on versioning to migrate late-adopters to the latest version within 6 months of release
- Splitting of Volume 01 – Native Trading Gateway into Equity and Derivative Volumes (All Markets)
- Suspension Across Order Books (All Markets) – version 7.5 – process change internal to JSE, testing encouraged

# EQM and EDM Initiatives

## SELF-MATCH PREVENTION

- ❑ Functionality to prevent unintended execution with Resting Orders of the same client.
- ❑ Optional functionality
- ❑ If a self-match scenario occurs, the Resting Order will be cancelled
- ❑ Available sessions: Continuous Trading and Closing Price Cross only

Potential Go-Live



Q3 2022

## WMR Fixing Rate

- ❑ WMR is a new fixing rate that will replace ZARD3 in the valuation of these Equity Derivatives only:
  - International Futures (IDX), and
  - Out of Currency Options
- ❑ Why replace it? ZARD3 is not used by international client mandates
- ❑ The WMR change will cover the 5 major currencies (USD, GBP, EUR, JPY, CHF) with the possibility to include more

Potential Go-live



Q2 2022

# 5. Securities Collateral Project

- Vaneshri Chetty

# Service offering overview

## Applicable markets and allowable collateral types

- The use of alternative collateral forms is proposed for the following JSE derivative markets:
  - Equity Derivatives
  - Currency Derivatives
- Trading members and clients will have the option of collateralising their initial margin (includes liquidity and large position add on) with a combination of:
  - ZAR Cash
  - Government Bonds
- Securities collateral cannot be pledged against the Additional Margin requested by clearing members
- Trading members and clients will not be able to pledge securities against Variation Margin

# Service offering overview

## Applicable markets and allowable collateral types

- In the first phase of accepting alternative collateral, only liquid South African government bonds will be accepted
- A minimum of 65% of initial margin must be pledged in ZAR cash

# Service offering overview

## Pledging, withdrawing and substituting collateral

- Trading members and clients will pledge securities directly to JSE Clear.
- The 'pledge' mechanism (as opposed to 'cession') will be used for securities collateral.
- The collateral giver thus retains ownership of the collateral pledged and will be entitled to all coupon payments.
- CSDPs of trading members and clients are required to commit to all security pledge/withdrawal requests to/from JSE Clear.
- Based on the high volumes anticipated, it is expected that CSDPs will auto-commit to pledge/withdrawal requests.



# Service offering overview

## Pledging, withdrawing and substituting collateral

- Clients may perform security for security substitutions continuously throughout the business day
- Any additional securities that are made available for pledging throughout the day will be pledged to JSE Clear if within the maximum securities collateral allowance limit
- Any cash released as a result of the additional securities pledged will be settled as part of the start of day collateral process and at EoD for settlement the next morning (if additional securities pledged after the Start of Day collateral process has been completed)
- All security withdrawal requests received after 08h00 will only be processed during the Start of Day collateral process the following business day

# Service offering overview

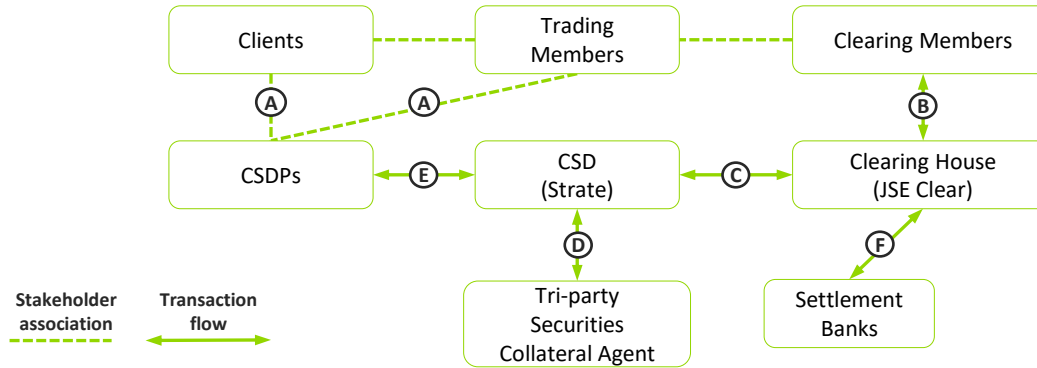
## Pledging, withdrawing and substituting collateral

In order to fully service all client collateral substitutions and top-ups/releases:

- Clearing members should approve all client cash calls timeously
  - if not approved/rejected in time, security withdrawal requests will fail
- CSDPs will need to perform commits continuously or periodically during the day
  - If not approved/rejected in time, security withdrawal requests will fail

# Primary Stakeholders

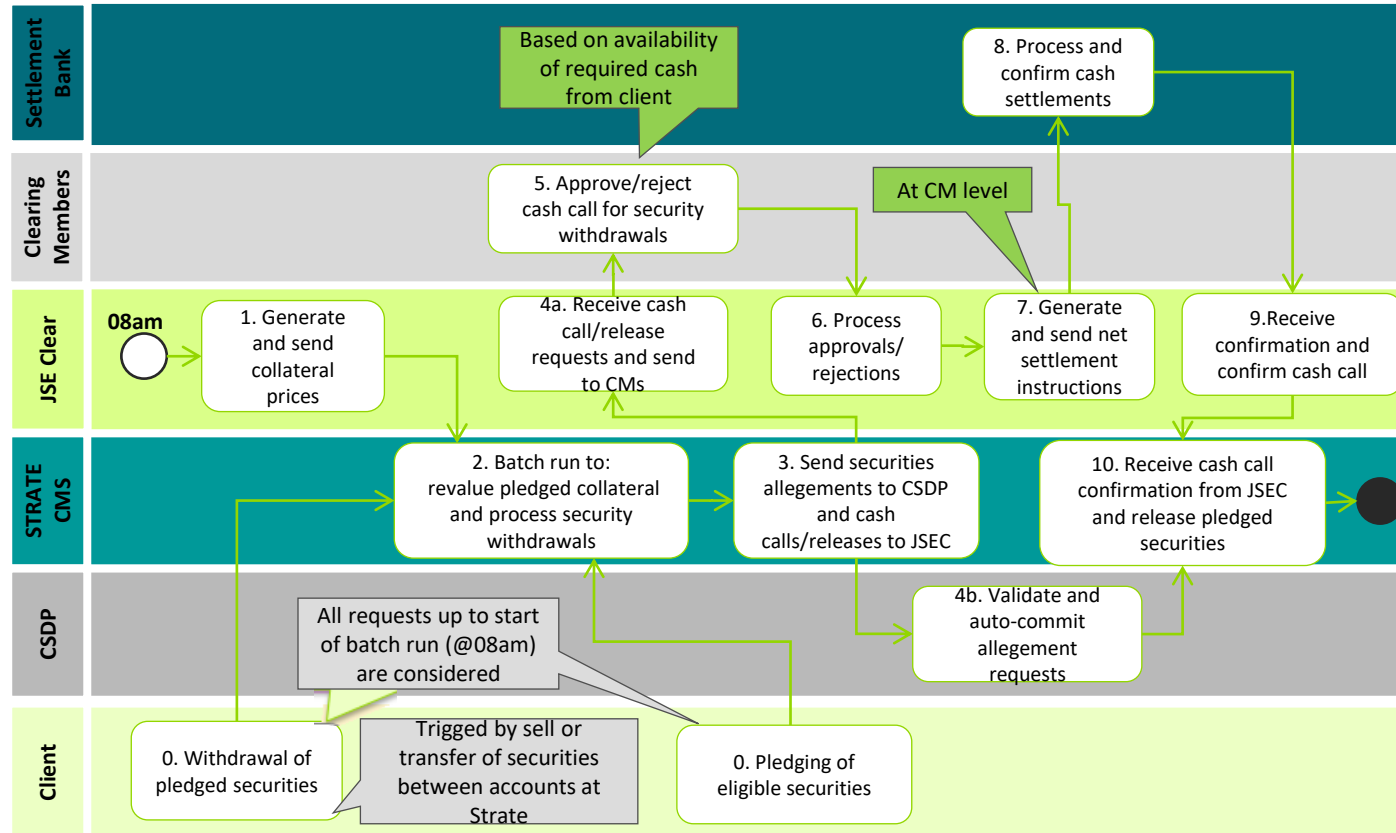
## Stakeholder association and collateral transaction flows



### Associations and transaction flows:

- Clients and Trading Members to setup Segregated Depository Accounts (SDA) at the CSD (STRATE) via their CSPDs for the pledging of securities collateral
- Initial margin amounts confirmed by JSE Clear with Clearing Members as part of the daily end-of-day process
- Allowable securities margin amount sent to Strate per Client and Trading Member for securities collateralisation
- Utilising their tri-party securities collateral service, Strate will allocate or release securities as available in Client and Trading Member SDA accounts
- CSDPs are required to commit to all security pledges and release requests in order for them to be valid (automated process)
- 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

# Collateral Processing steps and times



# Existing EMAPI messages which will include securities collateral data

Description	Message ID	Comment
Risk node event	10033 sub message 10290	The message will contain collateral position values i.e., Market value of the collateral position, the JSE Master ID of the collateral security, etc.
Daily account summary for client or members house nodes	10295	The message will include changes to pledged security balances carried forward and brought forward
Request to add a Client Request to update a Client	10031 & 10147	In order to pledge securities a client/trading member is required to open an account at STRATE, and the client ID/trading member needs to be updated to include the stratecode

Reference Data will include liquid government bonds that may be pledged

Please refer to EMAPI on the following link [Equity Derivatives and Currency Derivatives Markets | JSE Client Portal](#)

Timeline is being finalised and will be  
communicated in due course

Provisional go-live date Q3 2022

# 6. General

- Wesley Kandasamy - Demo
- Questions



# Demo – Key Dates Summary

## Software Provider Forum - Key Dates

Johannesburg Stock Exchange  
(JSE)

as at: 2022/03/07

Owner	Service Name	Market	Description	Environment	Progress Status	Target Month / Quarter	Start	Days (derived)	End Date	Comments
Vaneshri Chetty	Post-Trade (PTS)	EDM FXM	Securities Collateral - Allows a client to substitute expensive cash with liquid South African government bonds for Initial Margin (IM) requirements	ALL	40%	Aug	1-Jan-22		13-Aug-22	
Sandra Borrageiro / Neil Vendeiro	SENS	Multiple	SENS Replacement Project update - Final Client Feedback and Finalised Design	Multiple		Feb	22-Feb-22			
Wesley Kandasamy	General	ALL	SWP QTR1 Forum	ALL		Mar	10-Mar-22			
Neil Vendeiro	Information Delivery Portal (IDP)	Multiple	IDP Password Policy Implementation	Multiple		Mar	27-Mar-22			
Sandra Borrageiro / Neil Vendeiro	SENS	Multiple	SENS Replacement Project update - Internal JSE Testing to commence	Multiple		Q1				
Martin Koch / James Rakumako	NDH Replacement (SENS)	EQM Equity	Replacement of internal JSE News Distribution service (trading release version 7.4)	Multiple		May	1-Oct-21		28-May-22	Contingency date 18 June 2022
Andrea Maisel/Hlamalani Huhlwane	Trading and Information	EQM EDM FXM	Trading and Information Release 7.4: Equity, Equity Derivative and Currency Derivative Markets release with mandatory API changes scheduled for May 2022	Multiple		May	1-Oct-21		28-May-22	Contingency date 18 June 2022
Leon Scholtz	Business Continuity and Disaster Recovery	ALL	Disaster Recovery (DR) - (JSE Internal Test)	PROD		May	14-May-22		15-May-22	Client should not plan any activities for this weekend that may be dependent on JSE services
Wesley Kandasamy	General	ALL	SWP QTR2 Forum	ALL		Jun	9-Jun-22			
Wesley Kandasamy	General	ALL	SWP QTR3 Forum	ALL		Aug	11-Aug-22			SERVICE NAME = Securities Collateral - the Description will then confirm it is a Dress Rehearsal or Go Live
Leon Scholtz	Business Continuity and Disaster Recovery	ALL	Disaster Recovery (DR) - (JSE Internal Test)	Prod		Aug	20-Aug-22		21-Aug-22	Client should not plan any activities for this weekend that may be dependent on JSE services
Martin Koch / James Rakumako	Trading Native Gateway Version Alignment	EQM Equity	Deadline for alignment on Basic Native Trading Gateway conformance	Multiple		Jul			1-Jul-22	



End, Thank you...

