

THE MOVE TO T+3: TIMELINE OVERVIEW

April 2016

Glossary:

	Abbreviation / Term	Meaning
	S	Settlement Day
	T	Trade Day
	RD	Record Date
	LDT	Last Day to Trade
	PD	Payment Day
	BTB	Back-to-Back
	SA	Settlement Authority
	BP	Business Partner
	SLB	Securities Lending & Borrowing
KEY	Failed Trade Procedures	<p>Where the JSE Settlement Authority is unable to enter into a Securities Lending & Borrowing transaction, the <i>Failed Trade Procedures</i> will be instigated. This could result in:</p> <ul style="list-style-type: none"> • Rolling Of Settlement • Failed Trade with a Re-transactions • Failed Trade with Compensation
	Rolling of Settlement	<p>The action taken by the JSE Settlement Authority to roll the settlement date of a failing and a non-failing transaction to a future settlement date – typically a new T+3 settlement cycle</p>
	Failed Trade Retransaction	<p>The action taken by the JSE Settlement Authority to instruct a member to retransact for the non-failing client which will be booked to the client for a future settlement date – typically a new T+3 settlement cycle</p>
	Failed Trade Compensation	<p>The action taken by the JSE Settlement Authority to pay compensation between the failing and non-failing parties</p>

T+3 on-market settlements

With the advent of the move to a T+3 settlement cycle activities will change in the market.

An overview of the T+3 timelines:



Note: Although there are specific times within the cycle where the JSE Settlement Authority will take actions, the JSE Settlement Authority may take these actions earlier in the cycle i.e. Failed Trade procedures may be initiated at 16h00 on T+2.

Note: A print friendly version of this diagram is included in the appendix

The differences between a T+5 and T+3 settlement cycle are as follows:

Action	Action Description	Completed by / Resulting from	Current Timings: T+5	Future Timings: T+3
Deal Execution	Trades received by members and executed on the trading system	Clients / JSE members	Real-time	Real-time
Deal Allocation	After trades have been executed and received by BDA – members allocate to clients account	JSE members	Real-time	Real-time
Contract Note	Contract note – referred to as a trade confirmation – is sent to the client after the allocation has been completed	JSE members	T (Real-time after allocations)	T (Real-time after allocations)
Settlement Orders – non-controlled clients	After the allocation to the clients account - generation of settlement instructions – settlement orders – to Strate who in turn generate allegements to the applicable CSDPs	JSE members	T (Real-time after allocations)	T (Real-time after allocations)
Client Settlement Instruction to CSDP	Clients instruction to the CSDP	Client	T+2 (12h00)	T+1 (12h00)
Client rejection to broker	Clients rejection of the Contract Note to the member	Client	T+2 (12h00)	T+1 (18h00)

Deemed Affirmation Client	If client does not reject the Contract Note it is deemed to be valid	Client	T+2 (12h00)	T+1 (18h00)
Broker re-allocation	Where the client rejects the Contract Note the member has to fix details and resend the corrected contract note to the client	JSE members	T+2 (16h00)	T+1 (18h00)
Client Settlement Instruction on Reallocation	Clients instruction to the CSDP	Client	T+2 (16h00)	T+1 (18h00)
Brokers nets – Proprietary and Controlled Client Nets	Aggregation of deals for Proprietary and Controlled clients and generation of nets	JSE members	T+2 (EOD)	T+1 (EOD)
Margining	Margining of uncovered positions	JSE members	T+3 (EOD)	T+1 (EOD)
CSDP commitment	CSDPs commit to settlement orders from receipt of the settlement allegations until Compulsory Reverse Substitution.	CSDPs	From T+1 to 12h00 on T+4	Real-time T to 16h00 on T+2
Non-controlled client breach	Where the client has not placed their CSDP in a position to commit	Client	T+3 (12h00)	T+2 (12h00)
Principal Assumption – referred to as <i>Compulsory Reverse Substitution</i>	Non-controlled and controlled clients (Sales) settlements are reversed back to the executing JSE member	JSE members	T+4 (12h00)	T+2 (16h00)
Broker borrowing on Principal Assumption (Compulsory Reverse Substitution)	Member borrows shares – in the case of a sale – to ensure settlement takes place	JSE members	T+4 (12h00 to 14h00)	T+2 (16h00 to 18h00)

CSDP Commit	CSDP commits to Compulsory Reverse Substitution	CSDP	T+4 (12h00 to 14h00)	T+2 (16h00 to 18h00)
Settlement Authority SLB	Where the member can't borrow – JSE Settlement Authority steps in as lender of last resort	JSE Settlement Authority	T+4 (14h00 to 16h00)	T+3 (08h00 to 10h00)
Failed Trade Procedures <i>These procedures could include:</i> - Rolling Of Settlement - Failed Trade with a Re-transactions - Failed Trade with Compensation	Where JSE Settlement Authority cannot borrow the securities	JSE Settlement Authority	T+4 (16h00 to 18h00)	T+3 (10h00 to 12h00)
Settlement			T+5	T+3

T+3 Market timelines relating to on-market transactions

The table below reflects the timing of activities for on-market transactions including links by CSDPs and actions taken by the JSE Settlement Authority. These timelines reflect the minimum time allowed.

Trade Type	Settlement Cycle	Reporting Time	Commit Time	Strate BTB Removal (Before Reverse Substitution)	JSE Principle Assumption (Reverse Substitution)	Broker borrowing	Commit for SA / SLB BP Orders	Strate BTB Removal (After Reverse Substitution)
JSE On-market	T+3	From T to T+1 (EOD)	15h00 (S-1)	15h15 (S-1)	16h00 (S-1)	16h00 to 18h00 (S-1)	18h00 (S-1)	18h15 (S-1)
JSE Same Day (Securities Lending & Borrowing) (SLB)	T+0	10h00 (S)	11h00 (S)					
JSE Same Day (Money Lending & Borrowing) MLB	T+0	10h00 (S)	11h00 (S)					
JSE Rolling of Settlement (to resolve the settlement issue for current settlement)	T+0	11h00 (S)	12h00 (S)					

JSE Rolling of Settlement (Future Settlement)	T+3		15h00 (S-1)	15h15 (S-1)	16h00 (S-1)	16h00 to 18h00 (S-1)	18h00 (S-1)	18h15 (S-1)
JSE Failed Trades	T+0	11h00 (S)	12h00 (S)					
JSE Retransactions	T+3		15h00 (S-1)	15h15 (S-1)	16h00 (S-1)	14h00 to 16h00 (S-1)	18h00 (S-1)	18h15 (S-1)

T+3 Market timelines relating to off-market transactions

The table below reflects the timing of activities for off-market transactions. These timelines reflect the minimum time allowed.

Trade Type	Settlement Cycle	Reporting Time	Commit Time
Corporate Actions (Client Type 23) – Issuer CSDP	Min T+1	15h00 (S-1)	14h00 (S) Against Payment 18h00 (S) Free of Payment
Corporate Actions (Client Type 23) – Other CSDP	Min T+1	15h00 (S-1)	17h00 (S-1)
Off-Market (Client Type 00)	T+3	13h00 (S-1)	15h00 (S-1)
DR (Depository Receipts – Type 40)	Min T+1	13h00 (S)	15h00 (S)
DR (Depository Receipts – Type 40) <i>Record date where there is a Corporate Action</i>	Not permitted		
Account Transfer (Client type 30)	Min T+0	18h00 (S)	18h00 (S)
Account Transfer (Client type 30) <i>Record date where there is a Corporate Action</i> Only permitted on RD within a single CSDP and no change of CSA	Min T+0	09h00 (S)	10h00 (S)

Portfolio Moves (Client type 31)	Min T+0	18h00 (S)	18h00 (S)
Portfolio Moves (Client type 31) <i>Record date where there is a Corporate Action</i> Only permitted on RD within a single CSDP and no change of CSA	Min T+0	09h00 (S)	10h00 (S)
Lending Account Transfers (Client Type 33)	Min T+0	18H00 (S)	18h00 (S)
Lending Account Transfers (Client Type 33) <i>Record date where there is a Corporate Action</i>	Not permitted		
Off-market SLB (Client Type 50)	Min T+0	13h00 (S)	15h00 (S)
Off-market SLB on RD (Client Type 50) (where involved with fails management)	Min T+0	09h00 (S)	10h00 (S)
Normal SLB (Client type 51)	Min T+0	13h00 (S)	15h00 (S)
Normal SLB on RD (Client type 51) (where involved with fails management)	Min T+0	09h00 (S)	10h00 (S)
Where a SLB is booked with an On-Market Dependency (Client type 50 and 51)	Min T+1	13h00 (S-1)	15h00 (S-1)
Where a SLB is booked with an Off-Market Dependency (Client type 50 and 51)	Min T+1	13h00 (S-1)	15h00 (S-1)

SLB Returns (Client type 52)	Min T+0	13h00 (S)	15h00 (S)
SLB Returns on RD (Client type 52)	Not permitted		
Collateral (Client type 53)	Min T+0	13h00 (S)	15h00 (S)
Collateral Withdrawal (Type 54)	Min T+0	13h00 (S)	15h00 (S)
Collateral on RD (Client type 53)	Min T+0	09h00 (S)	10h00 (S)
Collateral Withdrawal on RD (Client type 54)	Min T+0	09h00 (S)	10h00 (S)

Other timelines

Other Settlement windows	S – 1	S
Uncommit Time – On-Market transactions (Subject to Insolvency or Curatorship)	15h00	
Uncommit Time – Off Market transactions (Approval required if ready for settlement)	15h00	
BTB Removal Time – All transactions (Before Reverse Substitution)	15h15	
BTB Addition Time – All transactions	18h00	
BTB Removal Time – All transactions (After Reverse Substitution)	18h15	
BTB Addition (Re-linking / De-linking) Time – Terminated transactions		10h00
Strate BTB Risk Management		10h15

APPENDIX – Timeline diagram for reference/printing purposes

