

**MARKET NOTICE**

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**Number:** 122/2019  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 17 April 2019

**SUBJECT:** NUTRON CONTINGENCY PLAN TO FACILITATE BOND SETTLEMENTS IN CONTEXT OF ITaC GO-LIVE

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As communicated in Market Notice [104A/2019](#) the ITaC go-live of the Equity Derivative and Currency Derivative markets is scheduled for **29 April 2019**. A number of measures have been identified to reduce the go-live risk associated with this large-scale, market-wide implementation. The purpose of this notice is to highlight those relevant to Cash Bond market participants.

**Earlier close of JSE markets on 26 April 2019**

As previously communicated in Market Notice [104B/2019](#) the JSE will close all of the JSE markets except the Bond ETP market earlier on **Friday 26 April 2019** to allow additional time for go-live activities over the go-live weekend.

**Cash Bond Market**

Market Open	07:00
Continuous Trading and Trade Reporting	07:00 - 15:00
Same day settlement window end	12:00
Market Close	15:00
Mark to Market	Valuation at 15:00 and release at 15:05 (no early valuations)
Market Offline (only file downloads allowed)	15:00 – 18:30

**Note:**

- 1) All trades conducted after 15:00 can be booked as “Late Trades” on Monday, 29 April 2019
- 2) Bond Market Settlement processes and times are not affected by this and will keep to their normal schedule

### **Bond ETP – MTS Market**

The Bond ETP (MTS Market) will not be impacted and will follow normal hours.

## **Contingency plan in the event of significant downtime of the Bonds Trading system, Nutron**

The Currency Derivative market trades on the same instance of Nutron as Cash Bonds and Interest Rate Derivatives. As part of the ITaC go-live activities Currency Derivatives will be decommissioned from Nutron and migrated to the new ITaC platform on Saturday 27 April. The decommissioning process has been thoroughly tested. As an additional risk mitigation Nutron will be started up earlier than normal on Monday morning to allow additional time for JSE to perform the relevant health checks.

The probability of unavailability or significant downtime of Nutron on the day of ITaC go-live or thereafter is therefore considered very low. Nevertheless the JSE has deemed it prudent to identify a contingency plan for the Bond market in the event that significant Nutron downtime is experienced. Should Nutron not be available Bond members will not be able to report new or cover trades and will not be able to perform allocation corrections or cancellations. Following consultation with Strate and the CSDPs the following contingency plan has been identified which provides options for the booking of cover trades to facilitate the settlement of existing trades. **Please note:** Members will not be allowed to use these mechanisms to book new trades.

### **Option 1: Off-market Account Transfers (Client Type 30)**

- Members who are SAMOS Participants may authorize SARB FMD to release stock from the SAMOS system and report Off-market Account Transfers (Client Type 30)
- SARB FMD to report DFP
- Member's CSDP to report RFP
- Once the trades are matched, SARB FMD and Member's CSDP to commit to their respective trade legs
- Securities will move from SARB FMD CSA to Member's Account

### **Option 2: Members who are Primary Dealers may borrow securities from NT**

- NT to top-up the security via the current processes
- SARB FMD to report DFP Account Transfers (Client Type 30) as they do not have the ability to report Client Type 50 – Off-market SLB Transaction
- Primary Dealer's CSDP to report RFP Account Transfers (Client Type 30) to match the DFP reported by SARB FMD
- Once the trades are matched, SARB FMD and Primary Dealer's CSDP to commit to their respective trade legs
- Securities will move from NT's CSA to Primary Dealer's Account

### **Option 3: Off-market (OTC) trades (Client Type 00)**

- Members who are neither PDs nor SAMOS Participants may book off-market (OTC) trades
- Member's CSDP to report Standard Off-Market Trades
- Client A and Client B trades with each other
- Client A and Client B send their Client Instruction to their respective CSD Participants
- The CSD Participant A and CSD Participant B reports their Settlement Instruction to Strate

- Strate and CSDPs to match the Settlement Instructions
- CSD Participants to Commit / Link (BTB or DPL) to Settlement Instructions.
- Strate to generate Status Intimations to the CSD Participants.

Over the go-live period the JSE and Strate will very closely monitor all trade statuses and perform regular reconciliations and other checks. If Strate, JSE, CSDPs or Members report any major issue or concern, JSE will take a precautionary approach and halt trading on Nutron if necessary to prevent the possibility of duplicate or invalid trades being created. Once the issue has been resolved and participants have reconciled trades, the JSE will reopen Nutron for trading.

Any queries or concerns can be emailed to [ITaC@jse.co.za](mailto:ITaC@jse.co.za)

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notices-and-circulars>