



SECURITIES MARKET PRACTICE GROUP

SMPG

SETTLEMENT AND ISO 15022 STANDARDS

SOUTH AFRICA

MARKET PRACTICE

Issued on behalf of the South African Market Practice Group

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South African Market Practice Templates for Settlement

1. INTRODUCTION

This document refers to Equities and Fixed Income (Bonds and Money Market) vanilla trades for custody

Changes to previous version (in dark blue)			
V 5.0	Clarification	Stamp Duty Information is further explained (No MP change)	Page 2.
V5.1 February 2005	Addition	Mandatory use of place of trade field for the settlement of derivatives traded on Yield-X. Recom. Implem. date: March 31st 2005	Page 1.
V5.2 July 2011	Addition	Changes in PURPLE	
V5.3 October 2012	Changes	Changes in RED	

2. NEEDED ELEMENTS

S.No	ZA Business Element Name	Data Content Format
1.	Sender's Message Reference	16x
2.	Settlement Date	8!n
3.	Trade Date	8!n
4.	Identification of Financial Instrument	ISIN1!e12!c [4*35x] Please refer to Appendix A for ISIN Short Name Convention which is applicable only for Monet Market Securities.
5.	Optional FIA (Financial Instrument Attributes) Block Details (Applicable only for Money Market Securities)	
	✓ Current Coupon Rate	INTR//[N]15d (Maximum of 2 Integers followed by a Comma & 7 Decimal places)
	✓ Next Reset Date	FRNR//8!n
	✓ Maturity Date	MATU//8!n
	✓ Next Payment Date	COUP//8!n

6.	Quantity of Financial Instrument to be settled	4!c/15d with 4!c = UNIT for equities 4!c = FAMT for fixed income
7.	Safekeeping account to be credited or debited	35x
8.	Settlement Type	SETR//4!c Please refer to Appendix B for valid values
9.	Indication of Stamp Duty applied or exemption reasons	USTN (1)
10.	Place of Trade	MIC (2) (3)
11.	Delivering or Receiving Agent	BIC
12.	Client of Delivering or Receiving agent	BIC (Optional) SAFE (Client's SAFE Keeping Account Number with the Agent)
13.	Place of settlement	BIC
14.	Settlement Amount (including currency)	3!a15d

2.1 SPECIFICS

To settle equities or fixed income securities in the ZA market the Common List of Data Elements needs to be used, with:

1. Indication of **Securities Transfer Tax applicable or not applicable** (see section 2.2.1 for more info)
2. Settlement instructions for derivatives trades executed on Yield-X - the Johannesburg Securities Exchange market for interest rate products - must include the place of trade Market Identifier Code (MIC) YLDX¹ (:94B::TRAD//EXCH/YLDX). (TO BE DELETED, AS YIELD-X HAS BEEN DECOMMISSIONED)
3. Settlement instructions for Nutron (Interest Rate Market) trades executed on Nutron – Market operated by the JSE in terms of the Act to facilitate trading in securities listed on the Interest Rate Market - must include the place of trade Market Identifier Code (MIC) NUTR (:94B::TRAD//EXCH/NUTR). (NUTR to be included in the ISO 10383 MIC list and YLDX to be removed from the same list)

¹ YLDX included to the ISO 10383 MIC list in March 2005

2.2 SPECIAL ARRANGEMENTS

2.2.1 Securities Transfer Tax (STT) for Equities

Securities Transfer Tax (STT) is the tax levied by the South African Revenue Services (SARS).

The tax is not collectable provided the client indicates it by populating the settlement instruction with the codeword :22F::STAM/STRA/USTN (STT Securities Transfer Tax not applicable).

The tax is collectable provided the client indicates it by:

- populating the settlement instruction with the codeword :22F::STAM/STRA/USTY;
- or,
- NOT populating the settlement instruction with :22F::STAM/STRA/ (STT Securities Transfer Tax is applicable)

The stamp amount (19A::STAM) will be calculated at local agent level. If mentioned in the instruction to the local agent, it will be disregarded.

This is an agreed industry practice (tax authority included) to consolidate the existing exemptions of 'already paid', 'exempt' or 'act not applicable', into a single codeword for the convenience of the instructing parties, participants and Strate.

As matching criteria both the buyer and the seller have to agree on the codeword

Illustration of the common elements used:

Securities used: ZAM000214980

Parties and safekeeping accounts relationships as follows :

fund manager	<i>FMXXCC22</i>	fictional Bank Identifier Code (BIC)
	<i>ABCD</i>	fictional account with its global custodian
<i>Broker</i>	<i>BRYYCC22</i>	fictional Bank Identifier Code (BIC)
	<i>99857</i>	fictional account with its local agent
<i>Global custodian</i>	<i>GCXXDD22</i>	fictional Bank Identifier Code (BIC)
	<i>A1B2</i>	fictional account with its sub custodian / local agent
Sub custodian / local agent of the global custodian (1)	<i>SCXXZA22</i>	fictional Bank Identifier Code (BIC)
	<i>21354</i>	fictional account with the central securities depository
local agent of the broker (2)	<i>SCYYZA22</i>	fictional Bank Identifier Code (BIC)
	<i>88888</i>	fictional account with the central securities depository
<i>Example of PSET</i>	<i>STRAZAJJ</i>	

- Trade Date is: 01 March 2005
- Settlement Date is: 04 March 2005
- Settlement amount is: ZAR300000,
- Sender's Reference is: 21324

Detailed Field Name	Data Field Content	Example
Start of block	GENL	:16R::GENL
Sender's Reference	16x	:20C::SEME//21324
Function of the message	4!c	:23G::NEWM
End of block	GENL	:16S::GENL
Start of block	TRADDET	:16R::TRADDET
Settlement Date	8!n	:98A::SETT//20050304
Trade Date	8!n	:98A::TRAD//20050304
Identification of the Financial Instruments	ISIN1!e12!c [4*35x]	:35B::ISIN ZAM000214980 RANFRNX201207113QJ03XXXX
Start of block	FIA (OPTIONAL)	:16R::FIA
Next Reset Date	8!n	:98A::FRNR//20121008
Maturity Date	8!n	:98A::MATU//20120711
End of block	FIA	:16S::FIA
End of block	TRADDET	:16S::TRADDET
Start of block	FIAC	:16R::FIAC
Sender's Reference	4!c/15d	:36B::SETT//xxxx/15000,
Function of the message	35x	:97A::SAFE//xxxxxxxxxxx
End of block	FIAC	:16S::FIAC
Start of block	SETDET	:16R::SETDET
Settlement Transaction Type Indicator	4!c	:22F::SETR//TRAD
Settlement Transaction Condition Indicator : Stamp duty status and reason	4!c (preceded by Data Source Scheme) (cfr special requirements)	:22F::STAM/STRA/xxxx
IDENTIFICATION OF PARTIES OF ACCOUNTS	WILL VARY	ACCORDING TO THE SETTLEMENT CHAIN
Start of block	AMT	:16R::AMT
Settlement Amount	3!c15d	:19A::SETT//ZAR300000,
End of block	AMT	:16S::AMT

End of block	SETDET	:16S::SETDET
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Settlement Chain should at least contain:

Delivering or Receiving agent	BIC
Client of Delivering or Receiving agent	BIC (OPTIONAL) SAFE (MANDATORY)
Place of Settlement	BIC

Example:

Detailed Field Name	Data Field Content	Example
Start of block	SETPRTY	:16R::SETPRTY
Party (Delivering agent)	BIC	:95P::DEAG//SCYYZA22
End of block	SETPRTY	:16S::SETPRTY
Start of block	SETPRTY	:16R::SETPRTY
Party (Seller)	BIC	:95P::DEAG//BRYYZA22
Party (Seller)	SAFE (35x)	:97A::SAFE//35x
End of block	SETPRTY	:16S::SETPRTY
Start of block	SETPRTY	:16R::SETPRTY
Party (Place of Settlement)	BIC	:95P::PSET//STRAZAJJ
End of block	SETPRTY	:16S::SETPRTY

3. EXTENSION TO SETTLEMENT CONFIRMATION AND FREE OF PAYMENT

The set of common elements can also be used for settlement confirmation and free of payment transaction with the following differences:

3.1 FREE OF PAYMENTS

Free of payment instruction contains the same elements as for the against payment transaction except for the elements pertaining to the settlement amounts. The settlement amount(s) is not required.

3.2 CONFIRMS

The Settlement confirmation – whether it is a free of payment or an against payment transaction – should contain the same elements as the original instruction

PLUS:

- The reference to the original settlement instruction that was received. This is done using the Linkage Block and the qualifier 20C::RELA//16x

EXCEPT:

- The settlement date given in the confirmation is the effective settlement date (which might differ from the instructed settlement date as stated in the instruction). This translates in ISO 15022 messages by using the qualifier ESET rather than SETT as qualifier for the date field 98a.
- The quantity of financial instrument in the confirmation is the effective settled quantity. This translates in ISO 15022 messages by using the qualifier ESTT rather than SETT as qualifier for the quantity of financial instrument field 36B.
- The settlement amount given in the confirmation is the effective settlement amount. This translates in ISO 15022 messages by using the qualifier ESTT rather than SETT as qualifier for the amount field 19A.

4. APPENDIX – A – Money Market ISIN Short Name Convention

4.1 GENERIC CATEGORY 1

Format: 3!x4!x8!n1!n

- 3!x – Issuer Short Code assigned by NNA
- 4!x – Money Market Security Type in Generic Category 1
- 8!n – Maturity Date of the ISIN
- 1!n – Generic Category Indicator – 1

4.2 GENERIC CATEGORY 2

Format: 3!x4!x8!n1!n1!x10d

- 3!x – Issuer Short Code assigned by NNA
- 4!x – Money Market Security Type in Generic Category 2
- 8!n – Maturity Date of the ISIN
- 1!n – Generic Category Indicator – 2
- 1!x – Coupon Frequency of the ISIN
 - M – Monthly
 - Q – Quarterly
 - S – Semi-Annually
 - A – Annually
 - D – Days
 - I – Issuer Defined
 - T – Term
- 10d – Fixed Coupon Rate (Maximum of 2 integers, followed by a comma(,) and 7 decimal places)

4.3 GENERIC CATEGORY 3

Format: 3!x4!x8!n1!n1!x18x

- 3!x – Issuer Short Code assigned by NNA
- 4!x – Money Market Security Type in Generic Category 2
- 8!n – Maturity Date of the ISIN
- 1!n – Generic Category Indicator – 2
- 1!x – Coupon Frequency of the ISIN
 - M – Monthly
 - Q – Quarterly
 - S – Semi-Annually
 - A – Annually
 - D – Days
 - I – Issuer Defined
 - T – Term
- 18x – Coupon Source and Spread – 3!x4!x2!x1!x8d
 - 3!x – Coupon Source
 - J01 – JIBAR 1(Monthly JIBAR)
 - J03 – JIBAR 3 (Quarterly JIBAR)
 - J06 – JIBAR 6 (Semi-annually JIBAR)

- J09 – JIBAR 9 (9 Monthly JIBAR)
- J12 – JIBAR 12 (Annually JIBAR)
- CPI – Consumer Price Index
- SBR – SABR Repo
- PRM – Prime
- 4!x – Coupon Source Part 2 (first 4 characters of Bank’s BIC) (Applicable only for PRIME) (For Non-Prime Sources, this field must be XXXX)
- 2!x – Symbol
 - PL – Plus
 - MI – Minus
 - GT – Greater Than
 - LT – Less Than
 - EQ – Equals
 - NO – None
 - OF – Of
- 1!x – Symbol
 - P – PRCT (Percentage)
 - B – BPS (Basis Point)
- 8d – Coupon Spread
 - If Spread is in PRCT, then it can be Maximum of 2 integers followed by a comma (,) and 5 decimal places
 - If Spread is in BPS, then it can be Maximum of 4 integers followed by a comma (,) and NO decimal places

5. APPENDIX – B – SETTLEMENT TYPE VALUES

Purpose	Code	Description
Off market Normal trades / On-market trades (Non-Controlled, Reverse Substituted, All Give-ups)	SETR/TRAD	Relates to the settlement of a trade
Account Transfers (Internal)	SETR/OWNI	Relates to an account transfer involving one instructing party (messages sender) at one account servicer (messages receiver)
Account Transfers (External)	SETR/OWNE	Relates to an account transfer involving more than one instructing party (messages sender) and/or account servicer (messages receiver)
Portfolio Transfers	SETR/PORT	Relates to a portfolio move from one investment manager to another and/or from an account servicer to another. It is generally charged differently than another account transfer (OWNE, OWNI, INSP), hence the need to identify this type of transfer as such.
Charity Shares	SETR/TRAD	Relates to the settlement of a trade (The additional information must be published in Narrative)
Account Transfers from main account to lending settlement account	SETR/INSP	Relates to a movement of shares into or out of a pooled account for Lending purpose
Depository Receipts	SETR/CONV	Relates to a depository receipt conversion
	SETR/ISSU	Relates to the issuance of a security such as an equity or a depository receipt
	SETR/RELE	Relates to a release (into/from local) of Depository Receipt operation
General SLB orders / Lending Desk Loan / Lending Desk Loan Return / Business Partner Collateral Deposits /	SETR/SECB	Relates to a securities borrowing operation
	SETR/SECL	Relates to a securities

Business Partner Collateral Withdrawals		lending operation
	SETR/COLO	Relates to a collateral transaction, form the point of view of the collateral giver or its agent
	SETR/COLI	Relates to a collateral transaction, form the point of view of the collateral taker or its agent