
ISSA Issuer Outreach

Prepared By: Strate Ltd

Date: 2011/03/08

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Global Corporate Actions Principles – Issuer Notifications

The South African community has taken great strides to both educate and drive Issuers and their agents to be more actively involved in the processing of Corporate Actions. We acknowledge the fact that they play a critical role in the understanding and execution of Corporate Actions and therefore have taken constructive steps to try to bridge the gap in the process. We also acknowledge that this is the most difficult task in that, in general, downstream processing is viewed as a non consequential part of their process.

We have, in addition, with our strong community members, taken the following steps to drive Issuer education in our local market:

1. The ISSA report in conjunction with the 9 principles is driven strategically at our National Market Practice Group. We benefit tremendously from this as various members of our community are present at this meeting which aids in our ability to drive Issuer involvement.
2. Our Corporate Actions working group is continuously driving Issuer education by providing process flows to Issuers to highlight to them the need for information. The South African Market has also constituted a group for Corporate Actions users whereby we meet to discuss the processing of complicated events. This also aids in guiding Issuers and their agents to ensure successful processing of the event and protections to their investors.
3. Strate (as a CSD) within the South African Market has initiated a process to try and create a Golden Copy of Issuer Notifications. This includes the ability:
 - a. To further enhance key processes within the Issuer Notification domain.

- b. To enable straight-through-processing (STP) from the Issuer to Investor
 - c. To Introduce ISO-formatted data provided by the Issuers to downstream intermediaries
4. Strate is actively involved in Issuer education via regular one on one discussion with Issuers and their agents.

General feedback on the 9 principles

Principle 1 - Straight-Through Processing (STP) and ISO Standards

The South African Market continuously aims to drive high levels of STP utilising ISO 15022 standards. The standards are reviewed on a continuous basis to ensure that we are aligned to Best Practice standards. Where required, we request enhancements to the standards to cater for our local market requirements.

Principle 2 - Message Content

We have a very detailed outline of the key requirements for the South African market which we are in the process of publishing on the SMPG website. This is obviously reviewed regularly to ensure that the content is of the required standard.

Principle 3 - Issuer Sourced Key Information

As described above

Principle 4 - Required Information

As described above

Principle 5 - Unique Identifiers

As described above – please refer to market guide published on Strate’s website for further information.

Principle 6 – Timelines of Notification

The South African Market is a deadline driven market. Our market Rules and Directives drive Corporate Actions to be executed within specific timelines. The timelines are can also be extracted from Strate’s website.

Principle 7 - Process Harmonization

This has been achieved to a certain extent within our market but we continue to improve within enhancements in the Corporate Actions space.

Principle 8 - Publication of Event Processing Rules

This is in progress and we are hoping to publish this document in the next few weeks.

Principle 9 - Protecting Investors' Rights

This is critical in our processing ability and we always try to ensure that information is provided as accurately and as quick as possible to the end investor. Furthermore, our model aims to ensure that potential unsettled transactions are handled in an effective manner. Our model has provided the market with a claim free environment since its introduction in early 2002.

In addition to the above principles, we have concluded the debate around Unique Event Reference Numbering and within South Africa, we are happy to advise that Strate has been acknowledged as the institution who will issue the South African market official Corporate Actions reference (COAF).

SMPG has been officially advised of this decision.

In conclusion, the South African Market including AMEDA is committed to ensure that the principles as highlighted in the ISSA paper are driven within the regions.