

JSE CLEAR POSITION PORTING PROCESS

November 2020

VERSION CONTROL

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| Created By: | JSE Clear Risk Team |
| Creation Date: | 20 November 2012 |
| Approved by: | JSE Clear CRO; JSE Clear COO |
| Approval date | January 2021 |
| Version: | 2.0 |
| Last update: | November 2020 |

VERSION HISTORY

| Version | Date | Summary of changes | Author |
|---------|---------------|------------------------------|----------------------|
| 1.0 | November 2012 | Initial Draft of Policy | Post-trade Risk |
| 2.0 | August 2020 | Significant document updates | JSE Clear Operations |

JSE CLEAR PORTABILITY OF POSITIONS PROCESS

Purpose of / Introduction to Process

This process details JSE Clear’s client transfer process. These transfers may be triggered by a Trading Member or Clearing Member default, or by a business decision by the entity to voluntarily transfer under the following scenarios:

- Trading member transfers to another clearing member
- Client transfers to another Trading member
- Single positions transferred from one Trading member/client to another Trading member/client
- A portfolio of positions transferred from one Trading member/client to another Trading member/client.

This process is designed to ensure compliance with the CPMI-IOSCO compliance principles, specifically, principle 14, “A CCP should have rules and procedures that enable the segregation and portability of positions of a participant’s customers and the collateral provided to the CCP with respect to those positions”. Section 10.2.7 of the JSE rules allows for the transfer of all positions of clients and exchange members cleared through the defaulting clearing members to “alternate clearing members designated by the clients or exchange members in terms of the exchange rules; or if an alternate clearing member has not been designated by a client or an exchange member, JSE Clear will endeavour to transfer the relevant positions to another clearing member or clearing members, at the discretion of JSE Clear and with the consent of such clearing member or clearing members.”

Glossary:

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| CCO: Chief Compliance Officer | JSEC: JSE Clear |
| API: Application Programming Interface | |

Note: For reference purposes, the “Roleplayer” indicates the person ultimately responsible for ensuring that the task gets actioned, although it may be completed by anyone within the team.

| Seq | Process Description | Roleplayer | Resource / Tool | System |
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| 1. | Portfolio or single position transfers – Overview | | | |
| 1.1 | <p>Portfolio or single position transfers are intended to close out a principal’s portfolio or single position (client or Trading Member) and move it to another client or trading member (either within the same clearing member or a different clearing member).</p> <p>This process includes the closing of position(s) as well as moving of margin belonging to the original principal (client or Trading Member) to the new client or trading member account.</p> | Derivatives Operations | | NUCLEARS, RTC |

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| 1.2 | <p>Portfolio or single position transfers are processed after end of day and deals are booked for the following day to close out the original principal's (client or Trading Member) positions and reopened on the new principal (Trading Member or Clearing Member). These deals are then processed as part of the subsequent end of day.</p> | Derivatives Operations | | NUCLEARS, RTC |
| 1.3 | <p><u>Portfolio or single position transfer API Impact:</u> The transferred deals are available for download by the API users after end of day and on the following business day (effective date). The position updates resulting from these deals will also be available for download after end of day and on the following business day (effective date).</p> | Derivatives Operations | | NUCLEARS, RTC, API's |
| 2. Trading Member Transfers | | | | |
| 2.1 | <p><u>Trading Member Transfers:</u> Trading Member transfers are intended to close out a Trading Member's portfolio on their current Clearing Member and move it across to another Clearing Member. This process includes the transfer of all positions as well as the margin held for these positions.</p> <p>This process is run after end-of-day and transfers the Trading Member's entire portfolio (including dealers, branches, position accounts and clients) from their existing Clearing Member to their new Clearing Member specified.</p> <p>Margin is not returned to the old Clearing Member – it is transferred internally on the clearing system together with the positions and from effective date is held under the new trading / clearing member relationship.</p> | Derivatives Operations; Client Data | | NUCLEARS, RTC |



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| 2.2 | <p><u>Trading Member Transfer API Impact:</u></p> <p>The transfer deals and related reference data updates are available for download by the affected API users (trading and clearing members) after end of day and on the following business day (effective date). The position updates resulting from these deals will also be available for download after end of day and on the following business day (effective date).</p> | | | |
| 3. Client Transfers | | | | |
| 3.1 | <p><u>Client Transfers:</u></p> <p>Client transfers are intended to close out a Clients portfolio on their current Trading Member and move it to another Trading Member. This process includes all positions as well as Initial Margin held for these positions.</p> <p>This process is run after end of day and transfers the client’s entire portfolio from their existing Trading Member to the new Trading Member specified.</p> <p>Margin is not returned to the previous Trading Member – it is transferred internally on the clearing system together with the positions to the new Trading Member.</p> | Derivatives Operations | | NUCLEARS, RTC |
| 3.2 | <p><u>Client Transfer API Impact:</u></p> <p>The transfer deals and related reference data updates are available for download by the API users after end of day and on the following business day (effective date). The position updates resulting from these deals will also be available for download after end of day and on the following business day (effective date).</p> | Derivatives Operations | | NUCLEARS, RTC, API’s |

