

# **ISSA**



**Global Corporate Actions Principles**

**Market Survey 2010**

**Middle East and Africa**

**Disclaimer:**

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International Securities Services Association ISSA  
c/o UBS AG  
FNNA OW6F  
P.O. Box  
CH – 8098 Zurich  
Switzerland

Phone ++41 (0)44 235 74 21  
Fax ++41 (0)44 236 14 74  
[issa@issanet.org](mailto:issa@issanet.org)  
[www.issanet.org](http://www.issanet.org)

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## **Summary, as published in the Main Report, Status May 2010**

### **Middle East and Africa**

There are no known cross-border corporate actions harmonization projects or coordinated industry initiatives in the region encompassing multiple markets. In a cross-border development beyond the scope of corporate actions, the CSDs of South Africa and Egypt are the first non-European members having recently joined the LinkUp Markets group of central depositories.

Systems development and the adoption of ISO standards are commonly agreed goals, but there are wide variations in the levels of development between individual markets. Electronic STP messaging is generally at a low level (exception: South Africa). Where it exists, proprietary communication systems between market infrastructure and their participants are rather common. Some markets use ISO messages to distribute cash entitlements but not yet to service other corporate action types. However, cash entitlements are often distributed by check rather than wire transfer. Corporate action announcements are generally published on issuers' and/or exchanges' websites, often in local language only (i.e. without an official English version). Local custodians generally use ISO standards in their client side communication, but not necessarily with local market infrastructure.

Among those markets that responded to the survey, South Africa stands out in several respects: It is clearly the most advanced in the region in terms of process automation, and it uses globally unique solutions to handle market claims and investor protection issues. An example is the Finalisation Date: the date on which the event and its details become unconditional in all respects and irrevocable, i.e. after which no further changes to any of the pertinent details can be made by the issuer and the event can only be cancelled in certain circumstances. Another is the Last Day to Trade, which is the day preceding ex-date. The introduction of the Last Day to Trade has greatly reduced market claims as investors have a clear indication of the last point to trade to qualify for an entitlement.

### **Select Gaps in the Middle East and Africa**

Not all markets have yet adopted the series of key dates (ex, record, pay) that have become an accepted global standard, nor a systematic process to detect and handle market claims. Systems development and automation based on ISO standards is generally low at all stages in the processing chain, except for local custodians communicating with overseas institutional clients.

<b>Market:</b>	<b>Egypt</b>
<b>Contributor:</b>	<b>Misr for Central Clearing, Depository and Registry (MCDR)</b>
<b>Feedback date:</b>	<b>February 28, 2010</b>

## 1. Feedback on the proposed ISSA principles

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

There are some issues regarding of how the Egyptian market compared against the proposed principles:

- 1- Paperless and automated information exchange - There is still part of the information exchange process not totally automated and paperless due to the current market regulations and rules. Meanwhile we are now moving towards the application of ISO Message formats (and this is expected to be implemented during the coming 3-5 years and maybe earlier) through our NSMPG and Digital Signature which will have a great impact on eliminating paper work and applying STP concepts.
- 2- Event communication – the currently applied regulation states that it is the issuer's responsibility to announce the corporate action details in 2 widely spread newspapers. Meanwhile, MCDR is also involved in this process by sending the event details once they have been received from the issuer and disseminate this information to all market participants (brokers, custodians) using its proprietary system.
- 3- Key dates – the key dates of a corporate action are set by market regulations and communicated to the market as previously explained. The key dates are: record date – settlement date – corporate action type – corporate action value – pay\execution date.
- 4- Tacking of unsettled transactions – in all types of corporate actions, all unsettled transactions are tracked electronically throughout MCDR's system to be paid \ executed upon settlement.
- 5- Event processing – all corporate actions are processed and the results are communicated to all market participants throughout MCDR's proprietary system using a very tight set of controls to ensure efficiency and accuracy.
- 6- In conclusion – some of the corporate actions are executed using ISO message format (cash dividends). Currently we are working to apply these standards to the rest of corporate actions and all its communications with market participants. It is worth mentioning that MCDR has recently become a member of the Linkup Markets Group, a further way to achieve the mentioned principles

*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

Only three comments regarding the proposed principles:

- 1- Regarding the Fraction Handling – what is applied now in the Egyptian market is that the issuer offers a centralized compensation. This is not through a determined fixed price but according to the issuer's decision (fraction round-up , fraction round-down , selling the total quantity of fractions at market price and compensate each fraction holder with his entitlements)
- 2- Some of the proposed principles are not currently applied in the local market, meanwhile the corporate action's processing in the market are effectively executed. For example, the mentioned key dates include the ex-date, this date is not a mandatory information in the corporate actions. Meanwhile, it is known to all market participants that the ex- date is the day after the record date.
- 3- It will provide more clarifications if we listed the most known corporate action types with the key dates and information related to each type of it.

*1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?*

The adherence to the proposed principles will definitely require some changes in the currently applied regulations to support moving towards the global best practices. As a start this can be achieved by:

- 1- Reconsidering the rules governing the issuer obligation towards the communication of corporate actions information among market participants
- 2- The automation and unification of information flow between the main market participants ( Capital Market Authority – CSD – Stock Exchange )

## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>Egypt</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>MCDR</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	Egyptian Stock Exchange, EGX <a href="http://www.EGX.com.eg">www.EGX.com.eg</a>
	<b>CSD and intermediary space</b>	Misr for Central clearing, Depository and Registry, MCDR <a href="http://www.MCDR.com.eg">www.MCDR.com.eg</a>
	<b>Institutional investor space</b>	Brokerage firms and custodian banks
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	Egyptian Stock Exchange, EGX <a href="http://www.EGX.com.eg">www.EGX.com.eg</a> The corporate action setup is done between the issuer, EGX and MCDR
	<b>CSD and intermediary space</b>	Misr for Central clearing, Depository and Registry, MCDR <a href="http://www.MCDR.com.eg">www.MCDR.com.eg</a>
	<b>Institutional investor space</b>	Brokerage firms and custodian banks

<b>Market:</b>	<b>Jordan</b>
<b>Contributor:</b>	<b>HSBC</b>
<b>Feedback date:</b>	<b>February 26, 2010</b>

## 1. Feedback on the proposed ISSA principles

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

The Amman Stock Exchange (ASE) doesn't match fully with the proposed ISSA principles. The ASE compliance can be summarised in the following:

1. There is no electronic STP
2. All data in messages are relevant and clear
3. Issuers publish simultaneously event information in news papers, ASE (www.ase.com.jo)
4. Prospectus are available on companies' websites
5. All declarations are made in a timely manner
6. Process is harmonized with global standards and Jordanian corporate law.

*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

We don't have any further suggestions. However, HSBC is committed to follow Straight Through Processing (STP) and ISO Standard for the following process:

1. Event creation
2. Event Communication
3. Event Processing
4. Unsettled Transaction Management, including claims

*1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?*

No major gaps from our side related to corporate actions as we are following up for most of the issues as mentioned below with the regulator and exchanges.

1. Language – Announcements should be issued in both languages, local and English.
2. Dividend distributed via wire transfer
3. Proxy Voting procedure should be automated



## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>Jordan</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>HSBC</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	Establish the message, determining all relevant information about the meeting
	<b>CSD and intermediary space</b>	SDC has nothing to do with preparing the message, in case of stock dividend, Jordan securities commission must approve.
	<b>Institutional investor space</b>	Institutional investors have nothing to do in this stage
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	Responsible for arranging the meeting, determine the meeting date and recommend for SDC dividend distribution
	<b>CSD and intermediary space</b>	Take the responsibility of registration of owners on the record date and the distribution of shares according to the percentage specified by the issuer
	<b>Institutional investor space</b>	It may take the responsibility of distribution the cash dividend

<b>Market:</b>	<b>Lebanon</b>
<b>Contributor:</b>	<b>Midclear S.A.L.</b>
<b>Feedback date:</b>	<b>February 25, 2010</b>

## 1. Feedback on the proposed ISSA principles

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

Our market is aware of the need to establish the proposed principles; however the establishment requires amendments and developments to be adopted by all the stakeholders.

In Lebanon, unique identifiers are adopted to define issuers and security codes. Whereas ISO Standards are used for benefit distribution confirmation they are not yet established for Corporate Event announcements. In fact, the issuers publish the information to their shareholders in the newspapers in the Arabic Language instead of sending a direct electronic message to the local custodian. The information published by the issuer is clear and contains key dates. On the other hand, the ex-date is not mentioned as it is not applicable. In addition, the systems in use are not yet developed to send automated information for Corporate Events Announcement based on ISO Standards.

Market claims are only processed upon a buyer or seller request. The system is not prepared to detect market claims knowing that the ex-date is not applicable.

In conclusion, the principles of Paperless Automated information exchange, Event Creation, Event Communication and Event Processing are partially achieved. The Unsettled Transaction Management, including claims is not reached in particular due to the non adoption of the ex-date principle. They can be met in 3 to 5 years but with the involvement of all the stakeholders and in particularly the regulators.

*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

The principles proposed are useful and complete. However, the Annex of the main report related to Claims and Unsettled Transaction Management needs to be clarified. Supposedly, the initiation of Market Claims should be linked to the trade date, the requested settlement date, the effective settlement date, the ex-date, the record date and the payment date instead of being only initiated when the trade date coincides with the record date and when the intended settlement date is the payment date of the Corporate Action. This annex should be reviewed and maybe adapted to each market and its rules in fixing the key dates (Ex-date, Record date, Settlement date).

1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?

In order to achieve adherence to the principles, the regulators should establish the rules to be adopted by the different stakeholders. In particular, the definition of the relation between the issuers and the local custodian and the adoption of the ex-date principle. The main obstacle remains the issuer's obligations towards the custodian and the need for a regulatory system to enhance the relation between issuers and custodians.

By establishing the whole set of rules, adopting the ex-date principle and developing the IT Systems to meet ISO Standards, adherence to the principles could then be achieved.

## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>Lebanon</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>Midclear</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	Solidère - Lebanese Commercial Banks  Beirut Stock Exchange: <a href="http://www.bse.com.lb">www.bse.com.lb</a>
	<b>CSD and intermediary space</b>	Midclear S.A.L.: Development of new systems in order to send by Swift Corporate Actions Announcements. <a href="http://www.midclear.com.lb">www.midclear.com.lb</a>
	<b>Institutional investor space</b>	Banks and Financial Institutions: Assure the flow of the information to their clients in a timely manner
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	Solidère - Lebanese Commercial Banks: Publication of the Corporate Actions announcements in the newspapers, communication and cooperation with the local custodian for the processing of the Corporate Actions events.  Beirut Stock Exchange: Daily Publication of all events concerning listed securities
	<b>CSD and intermediary space</b>	Midclear S.A.L.: ISO Standards used for Benefit Distribution confirmation, Development of New Systems
	<b>Institutional investor space</b>	Banks and Financial Institutions: Assure the flow of the information to their clients and the Corporate Actions processing in a timely manner

<b>Market:</b>	<b>Lebanon</b>
<b>Contributor:</b>	<b>HSBC</b>
<b>Feedback date:</b>	<b>February 26, 2010</b>

## 1. Feedback on the proposed ISSA principles

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

The Lebanese market is very far from the proposed procedures and we do not foresee that market capabilities will change in this aspect in the coming years. Corporate actions in Lebanon is currently a very manual process.

*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

None

*1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?*

The market should change towards electronic communication to allow for STP of corporate actions.

## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>Lebanon</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>HSBC</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	Companies in Lebanon are regulated by a code of commerce. It is obligatory by law to publish announcements in newspapers as e-communication is not regulated yet.
	<b>CSD and intermediary space</b>	CSD is ISO capable.
	<b>Institutional investor space</b>	Investors are not SWIFT enabled.
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	Events are manually created by the issuer and published in newspapers.
	<b>CSD and intermediary space</b>	
	<b>Institutional investor space</b>	

<b>Market:</b>	<b>Saudi Arabia</b>
<b>Contributor:</b>	<b>HSBC</b>
<b>Feedback date:</b>	<b>February 26, 2010</b>

## **1. Feedback on the proposed ISSA principles**

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

For Saudi Arabia, at present, there are no Depository/Issuer/Investor links. The current regulations also do not permit foreign investors (non-GCC) to invest directly in the equities market. We are unable to comment/ascertain, at the moment, if the market could meet the proposed principles.

*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

None at present

*1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?*

None at present

## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>Saudi Arabia</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>HSBC</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	---
	<b>CSD and intermediary space</b>	----
	<b>Institutional investor space</b>	----
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	---
	<b>CSD and intermediary space</b>	---
	<b>Institutional investor space</b>	---

<b>Market:</b>	<b>South Africa</b>
<b>Contributor:</b>	<b>Strate Ltd.</b>
<b>Feedback date:</b>	<b>February 24, 2010</b>

## 1. Feedback on the proposed ISSA principles

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

We have a very similar view and agree with almost all of the principles except for unsettled transaction management, including claims. Our market practice is driven by the Corporate Action timeline in that our payment date for 99.99% of events processed in always on RD+1. This makes the claims process very difficult in practice is executed post RD+1. On Market transactions are protected (under certain circumstances) by the exchange and Off market claims are also managed very differently.

1. STP and ISO Standards – does exist to a certain extent from CSD to investor. There is huge drive in this regard in line with a move to T+3 settlements. This aims at achieving higher levels of STP within ISO standards from the Issuer with the Investor. The CSD has initiated a project with the exchange in this regard.
2. Message Content – there is also huge focus in this area with the market upgrading the Corporate Actions systems to ensure that greater focus is placed n information being provide. These changes are due to be implemented in April of this year which is very aligned to Swift and Best Practice Standards. We have some doubt however on the usage of terminology used in this document versus Swift common language.
3. Issuer sources key information – this process does exist within the market but we aim to provide as much information as possible within the notification. As mentioned above, there is a huge drive to automate this process.
4. Required information – please refer to my comments on the draft paper.
5. Unique identifiers – agree, please refer to my comments on the draft paper
6. Timelines of Notification – as mentioned above, our market is very timeline driven. See separate document (*presentation below*) for the T+3 Corporate Actions timeline.
7. Process harmonization within and across markets – agree and support fully. One does need to be alert to the fact that this may only be feasible if global markets are aligned to a T+3 timeline.
8. Publication of event rules – agree and reference to EIG grid in this regard is critical
9. Protecting investor rights – agree 100%, just managed differently within the market

All of them warrant industry effort, if not just from a re-iteration perspective. There are definitely areas where various institutions have contrary views and it is the objective of the local NMPG's to ensure standardization and adherence to the guidelines, where possible.



## T+3: Barrier 4 – Corporate Actions



For Sign-off  
Dated: 25 July 2008

**strate**≡

### Analysis

#### **Barrier 4.1 - Corporate Action Model**

The types of Corporate Action Events have been broken down into the following categories:

- ≡Mandatory Events;
- ≡Elective Events Choice/Voluntary Events; and
- ≡Warrants



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## 1. Mandatory Events



### Mandatory Events

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#### Market Decision: Event Information

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- ≡ The minimum required information on Declaration Date for Mandatory Events must be:
  - ≡ Last Day to Trade (Cum), Ex Date, Record Date and Expected Pay Date
  - ≡ Cash Rates and Share Ratios can be announced no later than Finalisation Date by 12h00.
  - ≡ Exceptions to this will be dealt with on a case by case basis.
  - ≡ If applicable (Mandatory Security or Mandatory Cash and Security):
    - ≡ Delisting Date/Termination Date, Suspension Date, Effective Date
    - ≡ New ISIN

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### Mandatory Events

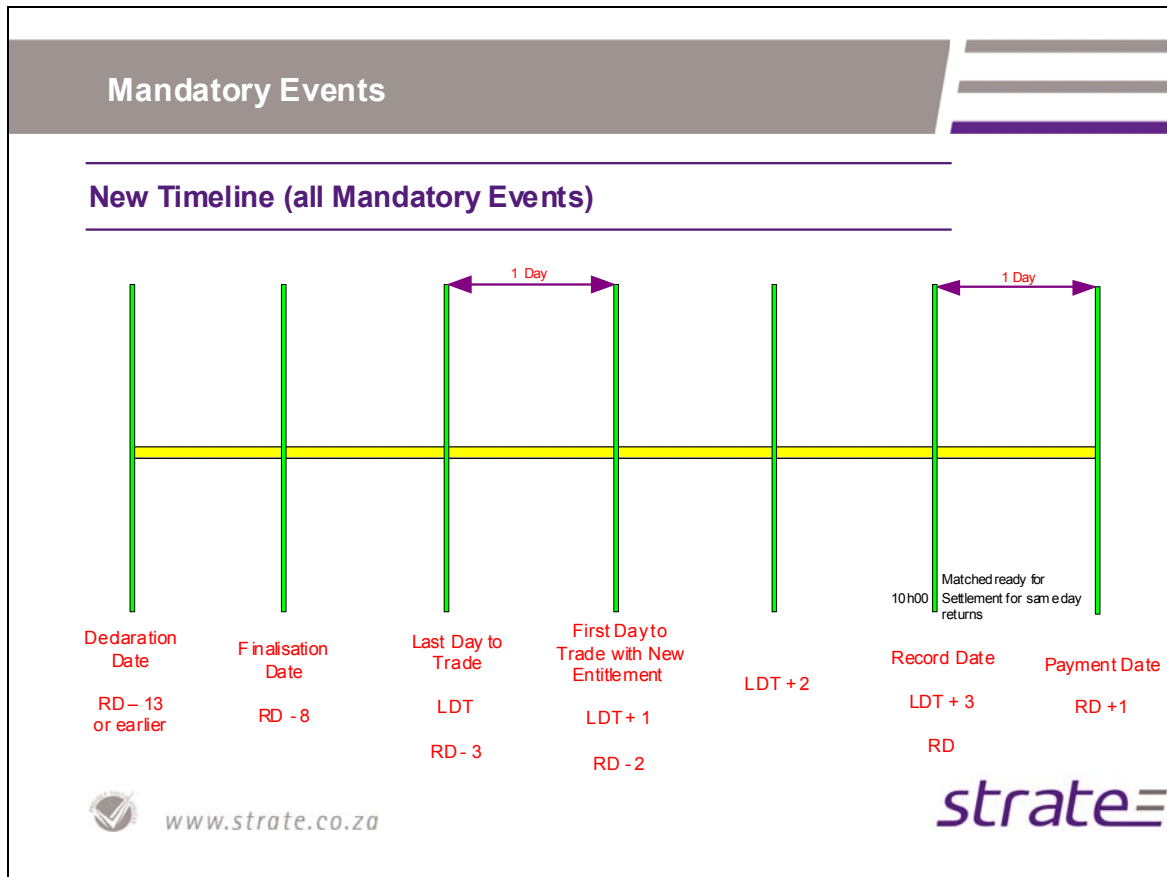
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#### Market Decision

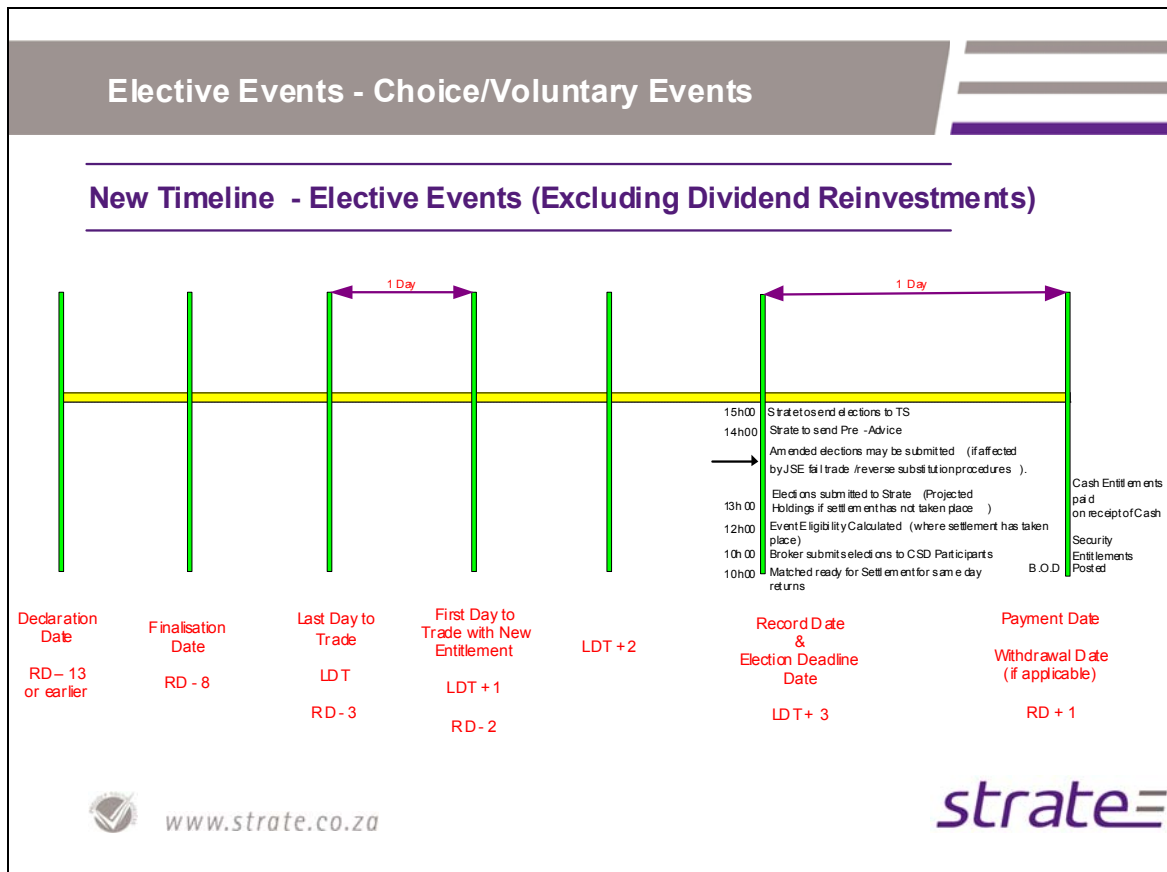
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- ≡ The Market has agreed on the following:
  - ≡ Should not all information have been made available on Declaration Date then the cut off date for the Event Finalisation should be no later than 12h00 on Finalisation Date.
  - ≡ Exceptions to this will be dealt with on a case by case basis.
  - ≡ Record Date will always be a Friday. In the event of a Public Holiday, Record Date will be the previous business day.
  - ≡ Pre-Advices will be sent from Strate from 14h00 onwards.

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## 2. Elective Choice / Voluntary Events




## Elective Events - Choice/Voluntary Events

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### Market Decision: Event Information

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- ≡ The minimum required information on Declaration Date for Elective Events must be:
  - ≡ Last Day to Trade (Cum), Ex Date, Record Date, Election Deadline Date and Expected Pay Date
  - ≡ Cash Rates and Share Ratios can be announced no later than 12h00 on Finalisation Date.
  - ≡ Default Option and whether Part Elections and/or Restrictions are applicable
  - ≡ Elections will be sent to Strate at 13h00 with possible amendments being submitted up until 14h00. Amended elections will only be allowed in the event that the JSE's fail trade/reverse substitution procedures affect elections
  - ≡ Pre-Advices will be sent from Strate from 14h00 onwards.
  - ≡ Strate to forward Election Instructions to Transfer Secretary at 15h00



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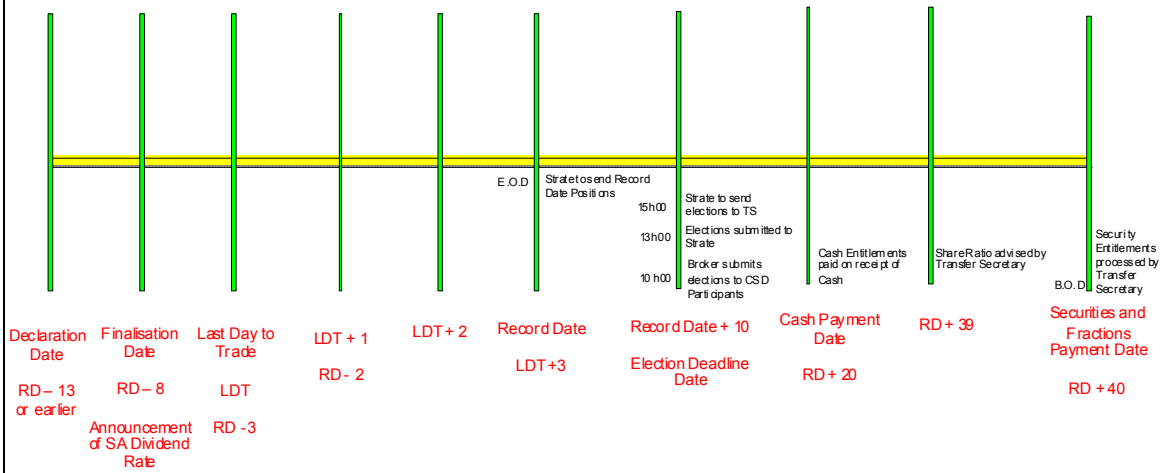


## Elective Events - Choice/Voluntary Events

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### New Timeline - Dividend Reinvestments

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The diagram shows a horizontal timeline with vertical green lines marking key dates and events. A yellow bar highlights the period from the Record Date to the Cash Payment Date.


Date	Event
RD - 13 or earlier	Declaration Date
RD - 8	Finalisation Date
RD - 3	Announcement of SA Dividend Rate
LDT	Last Day to Trade
RD - 2	LDT + 1
LDT + 2	LDT + 2
LDT + 3	Record Date
Election Deadline Date	Record Date + 10
RD + 20	Cash Payment Date
RD + 39	RD + 39
RD + 40	Securities and Fractions Payment Date

Key events on the timeline:

- 10h00: Broker submits elections to CSD Participants
- 13h00: Elections submitted to Strate
- 15h00: Strate to send elections to TS
- E.O.D. (End of Day)
- Strate to send Record Date Positions
- Cash Entitlements paid on receipt of Cash
- Share Ratio advised by Transfer Secretary
- B.O.D. (Business Day)
- Security Entitlements processed by Transfer Secretary



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## Elective Events – Dividend Reinvestments

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### Market Decision: Before Declaration and Finalisation Date

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- ≡ The minimum required information on Declaration Date for Dividend Reinvestments must be:
  - ≡ Last Day to Trade (Cum), Ex Date, Record Date, Election Deadline Date and Expected Pay Date, SA Rate Conversion Date
  - ≡ SA Dividend Rate announced no later than 12h00 Finalisation Date.
  - ≡ Dividend rate in foreign currency and whether Part Elections are applicable
  - ≡ Restrictions
  - ≡ All announcements on Finalisation Date will be made by 12h00.
  - ≡ Strate to send Record Date Positions at E.O.D Record Date
  - ≡ Elections will be sent to Strate at 13h00 on Election Deadline Date



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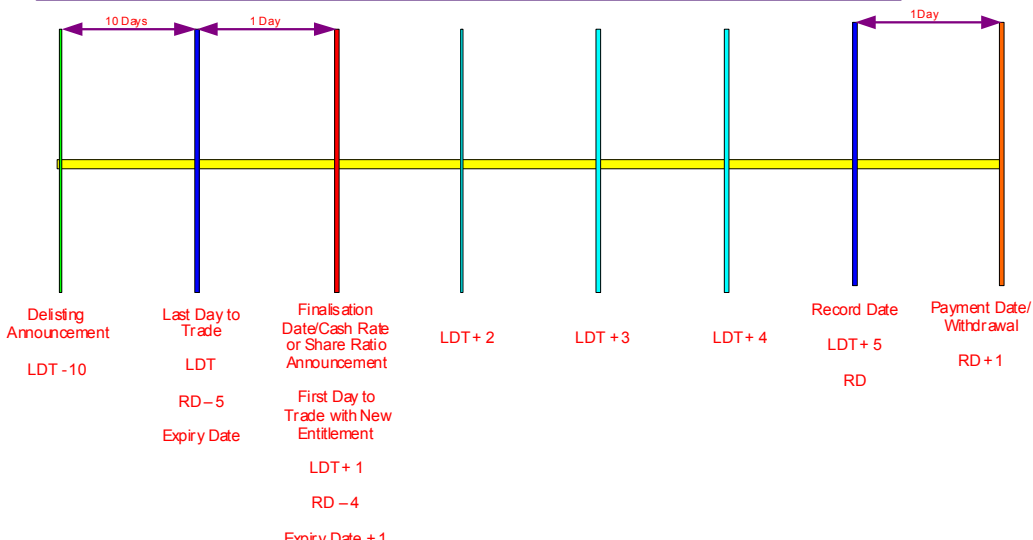
### 3. Warrants

## Warrants (Delisting on Expiry)

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### Current Timeline (post SAFIRES Release 2.8.1)

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The diagram shows a horizontal timeline with vertical lines marking key dates. A yellow bar highlights the period from LDT-10 to RD+1. A 10-day period is marked between LDT-10 and LDT, and a 1-day period is marked between LDT and LDT+1. Another 1-day period is marked between RD and RD+1.

Date	Event
LDT - 10	Delisting Announcement
LDT	Last Day to Trade
RD - 5	Expiry Date
LDT + 1	First Day to Trade with New Entitlement
RD - 4	Expiry Date + 1
LDT + 2	
LDT + 3	
LDT + 4	
LDT + 5	Record Date
RD	Record Date
RD + 1	Payment Date/Withdrawal



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## Warrants (Delisting on Expiry)

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### Current Timeline

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- ≡ Preliminary Notice of the Event is sent out on RD – 15 (LDT – 10)
- ≡ Expiry Date is on Last Day to Trade.
- ≡ Final Notice of the Event is sent out on LDT + 1.
- ≡ Cash Rates and Share Ratios must be announced on LDT + 1 but as an exception can be announced no later than LDT + 4.
- ≡ Payment/Withdrawal Date is RD + 1
- ≡ SWIFT Code for this events is DLST

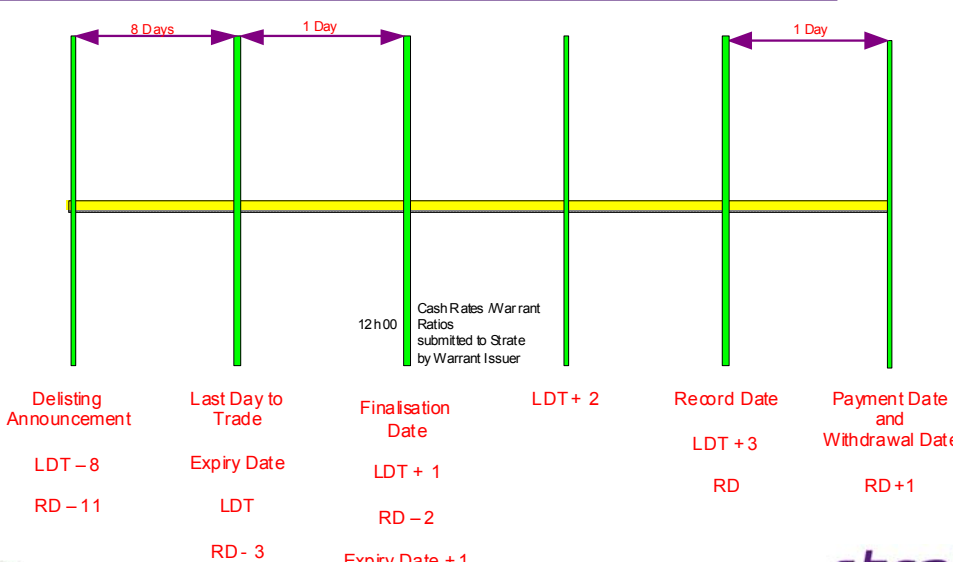



## Warrants (Delisting on Expiry)



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### Proposed New Timeline – Normal Warrant Expiry

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Delisting Announcement	Last Day to Trade	Finalisation Date	LDT + 2	Record Date	Payment Date and Withdrawal Date
LDT – 8	Expiry Date	LDT + 1		LDT + 3	RD + 1
RD – 11	LDT	RD – 2		RD	
	RD - 3	Expiry Date + 1			



## Warrants (Delisting on Expiry)

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### Proposed New Timeline – Normal Warrant Expiry

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- ≡ Preliminary Notice of the Event is sent out on RD – 11 (LDT – 8)
- ≡ Expiry Date is on Last Day to Trade.
- ≡ Cash and Share Ratios to be announced by 12h00 on LDT + 1 to cater for entitlement trades.
- ≡ Final Notice of the Event is sent out on LDT + 1.
- ≡ Withdrawal Date is RD + 1
- ≡ SWIFT Code for this events is DLST

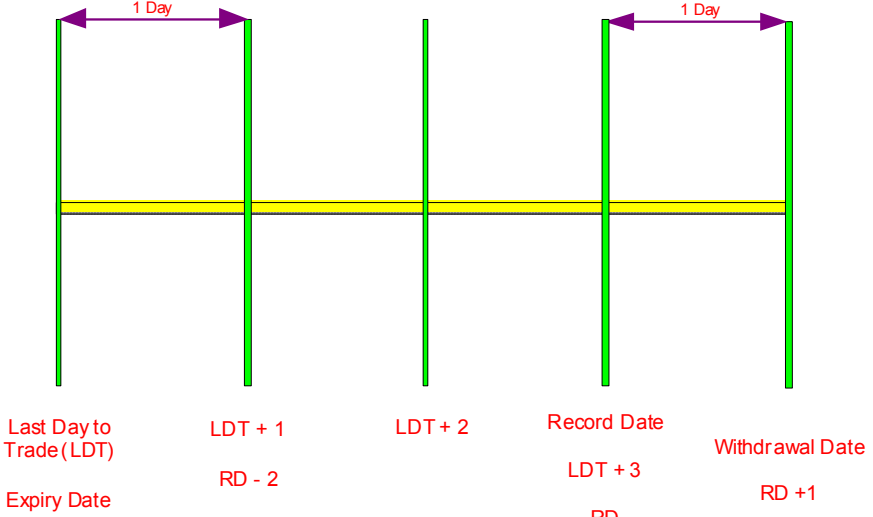



## Warrants (Delisting on Breach of Barrier)

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### Proposed New Timeline – Warrants where the Underlying Security Breaches the Barrier Level

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1 Day

←→

1 Day

←→

Last Day to Trade (LDT)

RD - 3

LDT + 1

RD - 2

LDT + 2



Record Date

LDT + 3

RD

Withdrawal Date

RD + 1



## Warrants (Delisting on Breach of Barrier)

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### Proposed New Timeline – Warrants where the Underlying Security Breaches the Barrier Level

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- ≡ Notification of the Barrier Breach must be made no later than 17h00 on Last Day to Trade/Expiry Date. As an exception, if notification is made after 17h00 then the next business day is Last Day to Trade/Expiry Date.
- ≡ Preliminary Notice of the Event is sent out on day of Breach or next Business Day.
- ≡ Expiry Date is on Last Day to Trade.
- ≡ Final Notice of the Event is sent out on LDT + 1.
- ≡ Payment/Withdrawal Date is RD + 1

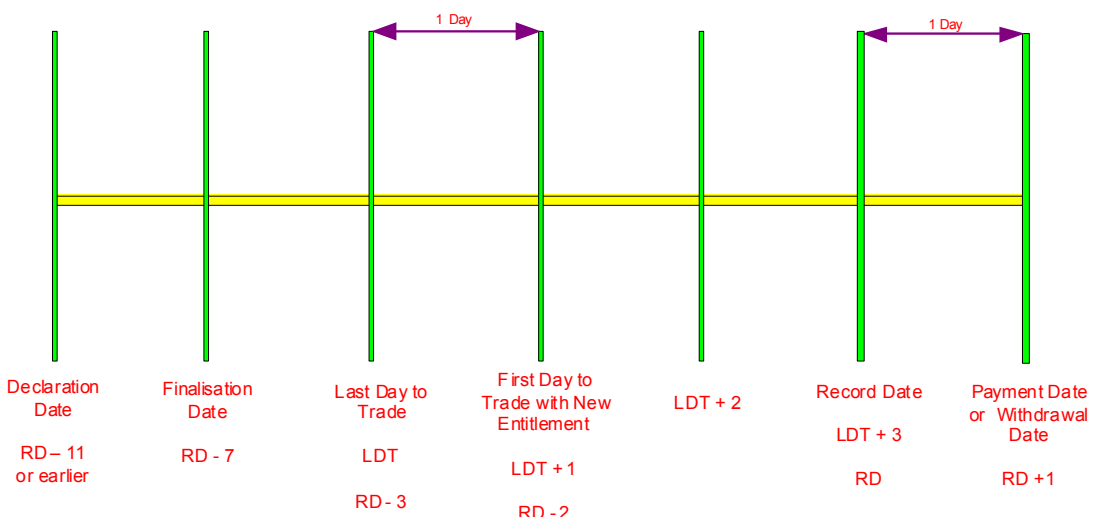



## Share Instalments (effects of the event on the Underlying Security)



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### Proposed New Timeline – Share Instalments (effect on the Underlying Security)

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Declaration Date	Finalisation Date	Last Day to Trade	First Day to Trade with New Entitlement	LDT + 2	Record Date	Payment Date or Withdrawal Date
RD - 11 or earlier	RD - 7	LDT	LDT + 1		LDT + 3	RD
		RD - 3	RD - 2		RD	RD + 1




## Share Instalments (effects of the event on the Underlying Security)


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### Proposed New Timeline – Share Instalment (effect on the Underlying Security)

- ≡ Share Instalment Warrants to follow the same timeline as that of the Underlying Security.
- ≡ Declaration Date must be made no later than two days after the Declaration Date of the Underlying Security.
- ≡ Share Instalment Issuers to implement consistent processes i.e. Terms of Warrants are changed by some Warrant Issuers whilst others process a normal Equity Corporate Action Event e.g. Consolidations
- ≡ SWIFT Code will be the same code as utilised for the Event on the Underlying Security



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## Share Instalments (Delisting on Breach of Barrier)


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### Proposed New Timeline – Share Instalments where the Underlying Security Breaches the Barrier Level

	Last Day to Trade(LDT)	LDT + 1	LDT + 2	Record Date LDT + 3	Payment Date and Withdrawal Date
	Expiry Date	RD - 2		RD	RD+1
	RD - 3				





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## Share Instalment Warrants (Delisting on Breach of Barrier)

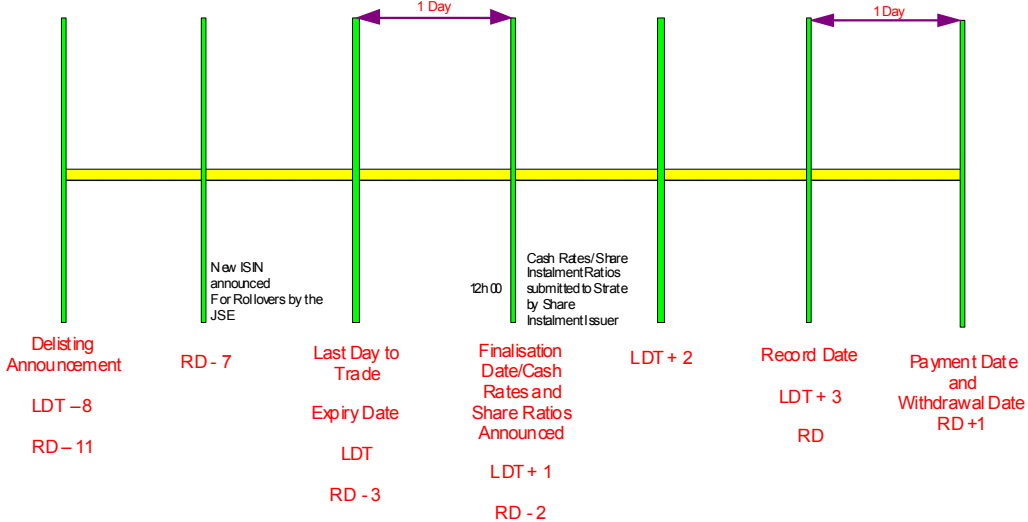
### Proposed New Timeline – Share Instalments where the Underlying Security Breaches the Barrier Level

- ≡ Notification of the Barrier Breach must be made no later than 17h00 on Last Day to Trade/Expiry Date. As an exception, if notification is made after 17h00 then the next business day is Last Day to Trade/Expiry Date.
- ≡ Preliminary Notice of the Event is sent out on day of Breach or next Business Day.
- ≡ Expiry Date is on Last Day to Trade.
- ≡ Final Notice of the Event is sent out on LDT + 1.
- ≡ Cash Rates and Rebates must be announced on LDT + 1 by 12h00. Exceptions will be dealt with on a case by case basis.
- ≡ Payment/Withdrawal Date is RD + 1. Rebates payable on this date.



## Share Instalments (Expiry/Roll-overs)

### Proposed New Timeline – Share Instalments Expiry/Roll-overs



The diagram shows a horizontal timeline with vertical green lines marking key events. A yellow bar highlights the period from RD - 7 to RD + 1. Two double-headed arrows labeled '1 Day' indicate the duration between 'Last Day to Trade' and 'Finalisation Date/Cash Rates and Share Ratios Announced', and between 'Record Date' and 'Payment Date and Withdrawal Date'.

Event	Relative Date
Delisting Announcement	LDT - 8
New ISIN announced For Roll-overs by the JSE	RD - 7
Last Day to Trade	LDT
Expiry Date	RD - 3
Cash Rates/Share Instalment Ratios submitted to Strate by Share Instalment Issuer	LDT + 1
Finalisation Date/Cash Rates and Share Ratios Announced	RD - 2
Record Date	RD
Payment Date and Withdrawal Date	RD + 1

## Share Instalments (Expiry/Roll-overs)

### Proposed New Timeline – Warrant Rollovers

- ≡ Preliminary Notice of the Event is sent out on RD – 11 (LDT – 8)
- ≡ JSE Ltd. to announce new ISIN for Warrant Rollovers on RD - 7
- ≡ Expiry Date is on Last Day to Trade.
- ≡ Final Notice of the Event is sent out on LDT + 1.
- ≡ Cash Rates and Share Ratios must be announced by 12h00 on LDT + 1.
- ≡ Final Notice of Event will be sent as soon as ratios and rates are announced.
- ≡ Exceptions will be dealt with on a case by case basis.
- ≡ Payment/Withdrawal Date is RD + 1



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## 4. Spreadsheets and Fractions

## Spreadsheets and Fractions

### Market Decision

- ≡ It has been decided that for all companies listed locally, the rounding convention utilised will be to round down all entitlements. Fractional payments will be paid in cash, with a tolerance level to be decided on at a later stage.
- ≡ Spreadsheets will be required for Initial Public Offerings (IPOs).
- ≡ For Foreign and Dual-Listed Companies, their rounding principles/conventions will be applied.
- ≡ Restrictions will be communicated and it will be the beneficial owner's obligation to observe such restrictions and adhere to legislative requirements of their own jurisdiction. CSD Participants will not monitor this and should an investor remain silent or make an election, it will be deemed to indicate that the investor can receive such entitlements.



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## Spreadsheets and Fractions

### Market Decision cont.

- ≡ For events where the utilisation of Spreadsheets may be required, an investigation into their transportation between stakeholders is required by all Market Participants. Market Participants are to investigate three options:
  - ≡ SWIFTNet FileAct
  - ≡ SWIFT Secure Mail
  - ≡ Secure File Transfer Protocol (FTP)



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## 5. Changes to Johannesburg Stock Exchange Listing Requirements

### Changes to the Listing Requirements

#### Market Decision

- ≡ It has been decided that the JSE will make the appropriate amendments to the listing requirements to Corporate Actions. This will be done towards the end of the review process where an impact assessment in consultation with stakeholders will be conducted.
- ≡ The amended listing requirements applicable to Corporate Actions to be sent to market participants for comments.
- ≡ Comments will be duly considered by the JSE.
- ≡ Strate Directives will be assessed as part of an impact analysis after the review period.



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*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

(Please refer to our comments in the draft paper)

*1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?*

1. Provision of information from source
2. Market education including usage of common language globally
3. Different timelines across various instruments
4. Timeliness of Notifications: This is an issue in the current global practice whereby **Issuers/Sponsors have a huge drive to always shorten the timelines. We should have a global view on this as I am sure that this impacts various markets where timelines are reduced and shareholders are not provided with sufficient time to make informed decision.** Furthermore, the reduction of the timelines does impact institution processing.

## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>South Africa</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>Strate</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	Harmonization of Equities Corporate Actions processes – current initiative between the CSD and exchange to automate information processing from source. Driven currently by both parties
	<b>CSD and intermediary space</b>	Harmonization of Equities Corporate Actions processes – current initiative between the CSD and exchange to automate information processing from source. Driven currently by both parties
	<b>Institutional investor space</b>	
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	
	<b>CSD and intermediary space</b>	We are currently enhancing our Equities Corporate Actions processing within the market. This is being driven by the CSD to be implemented in April 2010.
	<b>Institutional investor space</b>	We are currently enhancing our Equities Corporate Actions processing within the market. This is being driven by the CSD to be implemented in April 2010.

<b>Market:</b>	<b>United Arab Emirates</b>
<b>Contributor:</b>	<b>HSBC</b>
<b>Feedback date:</b>	<b>February 26, 2010</b>

## 1. Feedback on the proposed ISSA principles

*1.1 How does your region (or market) compare against the proposed principles? Please give a high level comment on which ones are mostly met already, which ones are unlikely to be met within the next 3-5 years, and which ones may merit concerted industry effort, possibly with the involvement of regulators.*

Exchanges in UAE market are not SWIFT enabled. Our primary source of information is the exchange websites. Exchanges announce the corporate events mainly in local language (Arabic). Proxy forms are manually completed and submitted to the company as per local law. Dividend is distributed via cheques issued in investors' names as this is an end beneficiary market.

We are closely working with the exchange to make them SWIFT enabled. This will allow us to receive the announcements in SWIFT format in lieu of letter (which sometimes is in Arabic). We are in continuous discussion with the regulator to change the present dividend distribution method from issuing dividend cheques in individual investor's name to transfer of funds through wire transfer. Also, we are following up with the regulator to change the process of manual completion of the proxy voting forms and submission to the company to an automated system.

We are following up the best practice in respect of the following:

1. Event Creation
2. Event Communication
3. Event Processing
4. Unsettled Transaction Management, including Claims

by processing and sending all information via SWIFT messages like MT564, MT566 and MT568, MT567 and we are receiving client's instruction via MT565 only.

*1.2 Do you have any suggestions for changing, deleting or adding principles in order to make them more useful for the markets in your region?*

None

*1.3 With regard to achieving adherence to the principles, what are the major gaps or obstacles in your region that you would wish to be addressed by an industry initiative?*

We are following up the issues mentioned below with the regulator and exchanges.

1. Language – Announcements should be issued in both language, local as well as English
2. Dividend should be distributed via wire transfer
3. Exchanges should be SWIFT enabled
4. Proxy Voting procedure should be automated.

## 2. Information on current corporate action market initiative

What are current priorities and initiatives in the corporate actions area in your region (or market)? Who is driving them? Please insert in the table below the relevant industry groups, advisory bodies, organizations etc. in your region or market that you are aware of and describe very briefly the focus or nature of their work. Where applicable please include a website or other contact point where any further information can be obtained.

<b>United Arab Emirates</b>		<b>Industry bodies, groups, organizations active in standard setting, efficiency projects etc.; and the nature of their work</b>
<b>HSBC</b>		
<b>Electronic messaging based on ISO standards</b>	<b>Issuer, issuer agents and stock exchange space</b>	1. Regulator – Securities & Commodities Authority (SCA) 2. Abu Dhabi Securities Exchange: www.adx.ae 3. Dubai Financial Market: www2.dfm.ae 4. Nasdaq Dubai (already Swift enabled) www.uae.difxdepository.com 5. All listed companies All of the above entities are working toward being SWIFT enabled. HSBC is continuously coordinating with the listed companies, SCA and with the exchanges to enable wire transfer for dividend payment.
	<b>CSD and intermediary space</b>	CSD 1. Abu Dhabi Securities Exchange 2. Dubai Financial Market 3. Nasdaq Dubai (already swift enable) All of the above entities are working toward being SWIFT enabled.  Intermediary HSBC Bank Middle East Limited HSBC is SWIFT enabled and all messages are sent as per ISO SWIFT standard.
	<b>Institutional investor space</b>	Clients of HSBC Bank Middle East Limited, Custody and Clearing. Clients of HSBC are SWIFT enabled and all messages are sent to HSBC by the clients via SWIFT which are as per ISO swift standard.
<b>Event creation, communication and processing</b>	<b>Issuer, issuer agents and stock exchange space</b>	Issuer of the corporate action announcements as mentioned below : 1. Abu Dhabi Securities Exchange 2. Dubai Financial Market 3. Nasdaq Dubai (already SWIFT enabled) HSBC working towards to put a rule in place to ensure that all the corporate action announcements are made in both the languages in local as well as English in lieu of the current 30% of announcements in English.



	<b>CSD and intermediary space</b>	We are coordinating directly with the issuer related to payment of dividend cheques. Translation has been done for announcement which is in Arabic and is sent to the client within 24 hours from the announcement in the exchange website.
	<b>Institutional investor space</b>	