



# SOUTH



# AFRICA







# Keeping ahead of the game

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At least from an operational perspective, the South African securities markets continue to impress both foreign and domestic institutional investors.

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**A**lthough investor interest may have waxed and waned over the past year, the South African securities market could not be accused of resting on its laurels. The first regulated Hedge Fund was launched in February 2016, following official recognition in the previous budget of hedge funds as collective investment schemes. The most recent

infrastructural change, in July 2016 was the introduction of a T+3 settlement cycle for equities, which, by all accounts, was executed without incident.

The bond market meanwhile, is also preparing for a major revamp. A TCS BaNCS market infrastructure solution will replace the existing debt market system, providing depository and settlement services. All the new interfaces will sup-

port ISO 15022 messages. The resulting Single Ownership Register will allow Strate, the South African CSD, to maintain debt holdings at a beneficial ownership level. The solution will also automate capital event processing, reducing the need for the manual intervention. Strate has completed its own preparations and will shortly start testing with the market. Implementation is scheduled for Q2 2017.

Category	2016	2015	Difference (2016 - 2015)
Technology	5.41	5.03	0.38
Settlement and Cash Management	5.87	5.51	0.36
Asset Servicing	5.98	5.64	0.34
Fund and Unit Accounting and Valuation (if used)	5.73	5.39	0.34
Operational Reporting	5.63	5.30	0.33
Relationship Management and Client Service	5.75	5.44	0.31
<b>OVERALL WEIGHTED AVERAGE</b>	5.75	5.45	0.30
Trustee and Administration Services (if used)	5.89	5.61	0.28
Cost and Value Delivered	5.39	5.14	0.25
Reputation and Asset Safety	6.05	5.86	0.19

This year may also see the launch of competition to both the JSE and Strate in different respects (see Roundtable). Three new exchanges (ZAR-X, A2X and A4X) expect to go live in 2017, along with a new CSD (Granite) for bond and money market instruments.

A regulatory directive on market infrastructure interoperability and cooperation is still under discussion. Indeed, the entire regulatory framework for financial services in South Africa is in line for major reform. The Twin Peaks model of financial sector regulation will see the creation of a prudential regulator – the Prudential

Authority – housed in the South African Reserve Bank (SARB), alongside a dedicated market conduct regulator, the Financial Sector Conduct Authority.

#### Survey trends

In our 2016 survey, service providers as a whole have gone up in the estimation of their domestic institutional clients. Table 1 compares scores in the market at a category level in 2016 and 2015. Clients in the ‘Very Large’ segment account for an increasing percentage of survey respondents (see Table 2) and are usually the most difficult to satisfy, given that they

Category	Average Score	Average Score Previous Year	Difference
Timeliness and Accuracy of Valuations	5.88	5.33	0.55
Effectiveness in Matching and Settlement Rates	6.00	5.54	0.46
Ease of Use and Comprehensiveness of Client Facing Technology	5.42	5.00	0.42
Effectiveness in Dealing with Corporate Actions	5.98	5.63	0.35
Accuracy and Timeliness of Dividend notification and Crediting	5.98	5.64	0.34
Timeliness and Accuracy of Reports	5.73	5.39	0.34
Timeliness and Accuracy of Valuations	5.96	5.63	0.33
Understanding Of Your Specific Requirements	5.71	5.39	0.32
Willingness and Ability to Customise Reporting	5.47	5.15	0.32
Quality of personnel	5.65	5.48	0.29

■ highest score    ■ lowest score

Participants	Responses (%) 2016	Responses (%) 2015
Very large	47.7	41.5
Large	10.6	12.7
Medium	19.9	16.3
Small	9.9	5
Very Small	11.9	6.8
N/A	0.0	17.8

Bank	Share of responses
RMB	25.2
The Standard Bank of South Africa Limited - Investor Services	25.2
Nedbank Investor Services	26.4
Standard Chartered Bank	12.6
Société Générale Johannesburg Branch	8.8
Others	1.9

have complex needs. Despite that, scores in all 10 categories have risen from an average 5.45 to 5.75.

Digging a little deeper, Table 3 shows at a question level where the South African custodians are seen by domestic survey participants to have improved most noticeably. The colour shading in the first column also provides an indication of highest versus lowest scores for the questions concerned. The first thing to note is that the lowest score of 5.42 would, in most Global Custodian client perception surveys, be considered impressive. Scores of 5.00 to 5.99 are officially considered ‘Good’ (See Methodology). This score is an assessment of the quality of client facing technology, up from 5.00 in 2015. Whether the improvement is a reflection of recent innovation by one or more of the major providers, can be determined by examining the tables of provider scores in the write-ups that follow. As a general guide however, opinions of new technology can take two years to feed through to respondent ratings.

The most improved scores at a question level are for timeliness and accuracy of

valuations (up 0.60 points) and effectiveness in matching and settlement rates. The fact that the market average for this is 6.00 reflects well, not only on the providers, but on the market infrastructure. It is also interesting to note that even at the other end of the scale, scores are up over last year. Accuracy of alternative investment valuations is seen to have risen by 0.08 points, to 5.58.

The securities services landscape in South Africa clearly benefits from competition. Table 4 indicates the share of responses received for each provider. These are the same institutions that attract the majority of responses in the Agent Banks Major Markets Survey, with the exception of Nedbank, which clearly has a much more established presence among domestic investors.

## Methodology

Global Custodian domestic surveys are intended to assess the extent to which local service providers are meeting the expressed needs of their domestic clients. Such needs are often different from those of cross-border investors, covered in the Agent Banks surveys published by the magazine. Many service providers also focus mainly or exclusively on domestic clients.

To obtain the relevant information, clients are invited to complete a short questionnaire. This typically involves around 20 questions. The questions are grouped into between eight and twelve service categories for presentation purposes. Respondents evaluate each question for each service provider that they use. Scores range from 1 (Unacceptable) to 7 (Excellent). Where clients have insufficient experience of a service or do not use it at all, they can enter N/A. Clients are also asked to indicate which categories are most important to them in assessing the overall service being received, and are given the opportunity to provide explanatory comments and identify specific strengths and weaknesses of their service provider(s). Each question is given an individual weighting, depending on the importance attached to it by clients. Each respondent is given a weighting based on the scale and breadth of their business and the detail included in the responses they provide. Respondents are also described by their type of business and the level of their assets under management (AuM).

Global Custodian's Research department calculates weighted average scores for each provider, for each question, each category and an overall total. The Research department also calculates scores for different types and size of respondent, allowing us to reflect as accurately as possible, the relative position of each service provider, both overall and with specific client subgroups. Summary information is presented in each Provider Profile together with, where relevant, explanatory contextual commentary. More detailed analysis of scores and comments received is available from the Global Custodian Research department. This group also administers the digital accreditation process by which suitably qualified providers can receive a formal accreditation of their achievements, in the form of one or more digital badges.

## Nedbank Investor Services

With some \$71 billion in assets under custody for local clients, Nedbank's profile in domestic custody far outstrips its sub-custody profile. In terms of the former, the Pension Fund industry, Life companies and Investment Managers account for the bulk of these assets. The bank is clearly aiming at growing its transactional banking franchise, bearing in mind the impact of Basel III regulatory requirements on returns from secured-lending products.

In this year's survey the bank has seen its scores improve in all categories. In half of the service areas covered, Nedbank now scores above 6 (Very Good). Even its lowest score, 5.54 for Cost and Value Delivered, would more than satisfy most custody providers, as this more than any other category tends to be marked harshly. This also is Nedbank's most improved category year-on-year, up 0.33 points. It comfortably exceeds the market average in all areas, most notably Technology, where its score of 5.82 is 0.41 points higher than the average for all providers.

Client comments suggest broad satisfaction with service received. One large insurance company client would like to see the bank expand its services outside of South Africa. "Nedbank's commitment to excellent client services and relationship management is what sets them apart in the industry," says one asset manager.

### SERVICE AREA SCORES

Service Area	Nedbank Investor Services	Market	Difference
Relationship Management and Client Service	6.07	5.75	0.32
Cost and Value Delivered	5.54	5.39	0.15
Settlement and Cash Management	6.29	5.87	0.42
Asset Servicing	6.19	5.98	0.21
Operational Reporting	5.91	5.63	0.28
Technology	5.82	5.41	0.41
Fund and Unit Accounting and Valuation	5.96	5.73	0.23
Trustee and Administration Services	6.21	5.89	0.32
Reputation and Asset Safety	6.38	6.05	0.33

### QUESTION SCORES: MOST/LEAST IMPROVED

Category	2016	2015	Difference
Timeliness and Accuracy of Valuations	6.21	5.81	0.40
Competitiveness of fees charged	5.44	5.06	0.38
Accuracy of Alternative Investment Valuations	6.19	5.86	0.33
Value received relative to fees paid	5.69	5.44	0.25
Effectiveness in Matching and Settlement Rates	6.37	6.12	0.25
Quality of personnel	6.13	6.08	0.05
Willingness and Ability to Customise Reporting	5.63	5.58	0.05
Accuracy and Timeliness of Dividend notification and Crediting	6.24	6.22	0.02
Effectiveness in Dealing with Corporate Actions	6.15	6.13	0.02
Timeliness of Resolution of Failed Trades	6.22	6.21	0.01

## RMB

In 2014/15, RMB Custody & Trustee Services upgraded its custody system to a new version of BaNCS Securities, adding certain functional capabilities and automating previously manual processes. Migration of clients and final implementation were completed in July 2015.

The impact of this change has now fed through to RMB's survey results. At an individual question level, the bank's most improved score is for ease of use and comprehensiveness of client-facing technology, up 0.45 points from an adequate 5.22 to a creditable 5.67. Willingness and ability to customise reporting has recorded a similar increase, up 0.36 points to 5.60.

Client comment suggests broad satisfaction with clients singling out a variety of service areas as particular strengths. Indeed, RMB exceeds the market average in all service categories, most noticeably Settlement and Cash Management, at 6.29, compared to the market's 5.87.

RMB's scores in all 10 service categories were up on last year. At a question level, only one – accuracy of alternative investment valuations – registered a decline in score, down 0.14 points to 5.74. This is nevertheless a score that many other providers might envy.

At end-2014, about half of the bank's domestic custody clients were JSE members, 22% were banks and 12% were asset managers.

SERVICE AREA SCORES			
Provider	RMB Custody	Market	Difference
Relationship Management and Client Service	6.10	5.75	0.35
Cost and Value Delivered	5.61	5.39	0.22
Settlement and Cash Management	6.29	5.87	0.42
Asset Servicing	6.13	5.98	0.15
Operational Reporting	5.85	5.63	0.22
Technology	5.61	5.41	0.20
Fund and Unit Accounting and Valuation	5.87	5.73	0.14
Trustee and Administration Services	6.24	5.89	0.35
Reputation and Asset Safety	6.20	6.05	0.15

QUESTION SCORES: MOST/LEAST IMPROVED			
Category	2016	2015	Difference
Ease of Use and Comprehensiveness of Client Facing Technology	5.67	5.22	0.45
Willingness and Ability to Customise Reporting	5.60	5.24	0.36
Competitiveness of fees charged	5.57	5.22	0.35
Effectiveness in Matching and Settlement Rates	6.23	5.90	0.33
Timeliness and Accuracy of Valuations	6.00	5.68	0.32
Sophistication and Robustness of Core Systems	5.53	5.44	0.09
Value received relative to fees paid	5.66	5.58	0.08
Reputation and Asset Safety	6.20	6.15	0.05
Commitment to the Custody and Securities Servicing Business	6.08	6.08	0.00
Accuracy of Alternative Investment Valuations	5.74	5.88	-0.14

## Société Générale

This year, Société Générale Johannesburg Branch has recorded higher scores over 2015 in all areas, with the exception of Trustee and Administration Services. At a question level, its most improved result is for willingness and ability to customise reporting (up 0.87 points to 5.69), taking its score from being viewed as merely "Satisfactory" (4.00-4.99) to an impressive position at the upper end of "Good" (5.00-5.99). The score for timeliness and accuracy of reports, is also up by an impressive 0.80 points. At the other end of scale, the largest declines are for accuracy of valuations, down 0.40 points to a still strong 5.60, quality of shareholder recordkeeping services, down 0.27 points to 5.33 and accuracy of alternative investment valuation, down 0.13 to 5.36. Overall however, scores have fallen in only four individual questions.

Out of the 10 service categories, SGSS exceeds the market average score for Cost and Value Delivered and Operational Reporting. While several service areas are cited by clients as particular strengths of the bank, aspects of technology seem to dominate as an area seen as requiring improvement. SGSS Johannesburg is however, in the process of enhancing its web portal, which provides non SWIFT-enabled clients with the ability to send instructions and draw reports electronically and is actively seeking to streamline the workflow of client custody and cash transactions.

SERVICE AREA SCORES			
Provider	SGSS	Market	Difference
Relationship Management and Client Service	5.36	5.75	-0.39
Cost and Value Delivered	5.44	5.39	0.05
Settlement and Cash Management	5.56	5.87	-0.31
Asset Servicing	5.64	5.98	-0.34
Operational Reporting	5.78	5.63	0.15
Technology	4.71	5.41	-0.70
Fund and Unit Accounting and Valuation	5.54	5.73	-0.19
Trustee and Administration Services	5.57	5.89	-0.32
Reputation and Asset Safety	5.71	6.05	-0.34

QUESTION SCORES: MOST/LEAST IMPROVED			
Category	2016	2015	Difference
Willingness and Ability to Customise Reporting	5.69	4.82	0.87
Timeliness and Accuracy of Reports	5.85	5.00	0.85
Accuracy and Timeliness of Dividend notification and Crediting	5.73	5.00	0.73
Effectiveness in Matching and Settlement Rates	5.69	5.06	0.63
Effectiveness in Dealing with Corporate Actions	5.58	5.00	0.58
Quality of personnel	5.36	5.18	0.18
Quality of Administration Services	5.67	5.70	-0.03
Accuracy of Alternative Investment Valuations	5.20	5.33	-0.13
Quality of Shareholder Recordkeeping Services	5.33	5.60	-0.27
Timeliness and Accuracy of Valuations	5.60	6.00	-0.40



## Standard Bank

The Standard Bank of South Africa – Investor Services has long been a dominant player in the sub-custody market across the SADC region and beyond. In South Africa itself, it holds a relatively larger pool of assets for its local clients. The bank itself estimates that approximately 50% of the shares listed on the JSE Top 40 Index are owned by foreigners and claims a 40% market share in the custody and administration of equities as a whole.

In the latest survey, the bank has managed to increase all its category level results as well as all individual question scores. Even its lowest-scoring category, Technology, registers 5.58, up 0.17 points, and the bank comfortably exceeds the market average in all service areas.

In the past twelve months, Standard Bank has initiated the roll out of a new online banking capability for custody services, Investor Services Online. Provided clients are happy with the bank's IT innovations, its score in this area would be expected to rise further in 2017. Past experience suggests that changes in technology need to 'bed down' for a year or so before client perceptions change. Comments from several clients meanwhile suggests that Relationship Management and Client Service is a particular area of strength for the bank.

SERVICE AREA SCORES			
Provider	Standard Bank	Market	Difference
Relationship Management and Client Service Average	5.94	5.75	0.19
Cost and Value Delivered Average	5.41	5.39	0.02
Settlement and Cash Management Average	6.27	5.87	0.40
Asset Servicing Average	6.18	5.98	0.20
Operational Reporting Average	5.75	5.63	0.12
Technology Average	5.58	5.41	0.17
Fund and Unit Accounting and Valuation Average	5.88	5.73	0.15
Trustee and Administration Services Average	5.95	5.89	0.06
Reputation and Asset Safety Average	6.26	6.05	0.21

QUESTION SCORES: MOST/LEAST IMPROVED			
Category	2016	2015	Difference
Timeliness and Accuracy of Valuations	6.11	5.24	0.87
Effectiveness in Matching and Settlement Rates	6.44	5.80	0.64
Timeliness and Accuracy of Valuations	6.04	5.44	0.60
Ease of Use and Comprehensiveness of Client Facing Technology	5.62	5.07	0.55
Quality of Shareholder Recordkeeping Services	6.00	5.50	0.50
Commitment to the Custody and Securities Servicing Business	6.20	6.05	0.15
Accuracy and Timeliness of Dividend notification and Crediting	6.16	6.02	0.14
Value received relative to fees paid	5.46	5.38	0.08
Creditworthiness of Institution	6.35	6.29	0.06
Accuracy of Alternative Investment Valuations	5.69	5.64	0.05

## Standard Chartered Bank

Standard Chartered is making steady progress in improving its domestic custody scores, bearing in mind that new custody and accounting systems were implemented during the past year. In the 2015 survey, the majority of results were in the Satisfactory (4.00-4.99) category. This year, all category scores have improved. Eight are regarded as Satisfactory, while two – Asset Servicing and Reputation and Asset Safety - now score above 5.00 (Good). The bank's overall weighted average has risen from 4.31 to 4.60, a rise of 0.29 points. Given the improved scores in the market overall, the bank still has a challenge to meet the market average results at a category level, but it is heading in the right direction.

SCB's best score at a question level is 5.42 for Creditworthiness, up 0.09 points on last year. Its three most improved scores are for timeliness and accuracy of valuations (up a full 1.13 to 4.88), accuracy and timeliness of dividend notification and crediting (up 0.75 to 5.00) and effectiveness in dealing with corporate actions (up 0.70 to 5.13). At the other end of the scale, only two questions register a drop in scores. These are accuracy of alternative investment valuations and competitiveness of fees charged. Among the client comments received are praises for the bank's senior management team and grumbles about technology and query handling.

SERVICE AREA SCORES			
Provider	Standard Chartered Bank	Market	Difference
Relationship Management and Client Service	4.49	5.75	-1.26
Cost and Value Delivered	4.63	5.39	-0.76
Settlement and Cash Management	4.19	5.87	-1.68
Asset Servicing	5.08	5.98	-0.90
Operational Reporting	4.33	5.63	-1.30
Technology	4.28	5.41	-1.13
Fund and Unit Accounting and Valuation	4.93	5.73	-0.80
Trustee and Administration Services	4.90	5.89	-0.99
Reputation and Asset Safety	5.01	6.05	-1.04

QUESTION SCORES: MOST/LEAST IMPROVED			
Category	2016	2015	Difference
Timeliness and Accuracy of Valuations	4.88	3.75	1.13
Accuracy and Timeliness of Dividend notification and Crediting	5.00	4.25	0.75
Effectiveness in Dealing with Corporate Actions	5.13	4.43	0.70
Accuracy of Alternative Investment Valuations	5.00	4.50	0.50
Value received relative to fees paid	4.43	4.00	0.43
Commitment to Custody and Securities Servicing	4.74	4.63	0.11
Creditworthiness of Institution	5.42	5.33	0.09
Effectiveness in Matching and Settlement Rates	4.22	4.20	0.02
Accuracy of Alternative Investment Valuations	4.90	4.93	-0.03
Competitiveness of fees charged	4.77	4.91	-0.14



# Meeting domestic expectations

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This is the second part of Global Custodian's 'On the Ground' roundtable in South Africa. Here, panellists discuss the domestic client perspective and relations with other markets in Africa.

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## Participants

**Bev Furman**, Executive Director, CSD Operations, Strate

**Leanne Parsons**, Head of Information Services, JSE

**Ryan Proudfoot**, Head of Prime Services Division, RMB

**Rajesh Ramsundhar**, Head of Investor Services South Africa, Standard Bank

**Richard Schwartz**, Senior Contributing Editor, Global Custodian (moderator)

**Duncan Smith**, Senior Sales and Relationship Manager, Societe Generale

**Chris van Staden**, Head of Securities Services Operations, Africa and Middle East, Standard Chartered

**Richard:** Is there anything still missing from your market structure that you're working on, or that you need to work on?

**Ryan:** There are some big projects. In addition to the debt instrument system (DIS) for the bond market, there's the JSE's ITEC solution to be put in place and National Treasury are looking to launch an electronic trading platform for our bond market. All of those result in substantial expenditure by the local market participants. They're all in a pipeline of work that we realise we have to put through to compete with the best of the global players.

**Chris:** To add to that, we've got a new CSD, Granite, that's entering the fray. That means we've got to look inwardly at how we organise ourselves. We've got market participant committees for STRATE, but what's the impact now in terms of Granite?

**Richard:** That's an interesting development compared to a lot of other markets. You'll often have multiple trading venues, but they're all posited on having one CSD. What's the rationale behind the new CSD? Is it just a competitive venture?

**Chris:** They believe they've got a market. They've spoken to some of our clients and they believe they've got a good product to offer. I think the focus is going to be on unlisted securities first and the settlements thereof.

**Rajesh:** Obviously entering any market depends where there's an opportunity. We're all business people around the table here. We won't enter a market, unless there's an opportunity. Whether or not they can realise that opportunity, will have to be seen.

**Richard:** And what about the trading end of things? In most major markets, there are multiple trading venues now.

**Duncan:** There are some other potential exchanges looking for a licence from the Financial Services Board (FSB). When and whether they come through, that will be an interesting development. You've also got changes from the FSB in terms of Retail Distribution Review (RDR) and other things coming through the pipe which may have a knock-on effect as well.

**Rajesh:** The South African market is an interesting and exciting market. It's run really well, but people have seen different opportunities. It's testament to the regulators that they allow new entrants to come in. The proof of the pudding will however, be in the eating. We'll see what value they add to the market and to investors. I think we should look at these developments in a positive light. If anything, it forces us to be more competitive, more vigilant and offer greater value to our clients.

**Richard:** Are these local initiatives or is there any kind of foreign involvement?

**Leanne:** From what we understand, those

that have asked for licenses are a mix. They're mainly local, but some do have some a degree of foreign engagement. From a JSE perspective, we have absolutely no problem with competition as long as it's on a level playing field and the same requirements are applied to everybody. That's absolutely fine.

**Bev:** From a Strate perspective, we are also very excited, because we are exchange-neutral. We've been approached by several entities to provide services to these new entrants, which is exciting. With regards to Granite, we embrace competition. It makes you sharpen your approach and be more robust and innovative. Our one reservation is that fragmentation in settlement may introduce risk. As long as our regulators understand how these models work independently and interdependently, I think that is key from a risk perspective. We've got such a high rating globally in terms of trading and settlement regulation that I just caution that any new models must be cognisant of the risks they may introduce to the market.

**Ryan:** From a bank point of view, as I mentioned (see Global Custodian, Fall 2016), the banks underwrite the settlement risk in the equity and bond markets. We'd have to evaluate all the risks that a second CSD or trading platform introduces to the market and be comfortable with that before we do anything.

**Richard:** Can you just unpack for me your comment about underwriting the equity and bond markets.

**Ryan:** Let's just look at the pure cash equity market. All the local stockbrokers have a transactional bank account that is needed in order to operate. Included in that transactional bank account would be an overdraft facility which the banks



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LEANNE PARSONS, JSE





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RAJESH RAMSUNDHAR, STANDARD BANK

underwrite. There would probably also be a securities lending capability that they’d have to sign up for with the banks. That’s on the one side. On the other side of the transaction, whether the counterparty is local or foreign, the South African banks commit on the basis that there is good faith delivery. In most instances, we try to minimise those operational risks, but we have the example of one of the large global players, Lehman Brothers, defaulting over a weekend. We’re very cognisant of the fact that such an event could at some stage happen again. We try and put in as many mitigating controls as possible, but the banking groups are the guys who actually underwrite and create that capability for either the brokers or the market participants to settle.

**Bev:** And from a CSD perspective, the BIS’ 24 principles for financial market infrastructures contain some pretty stringent requirements regarding default procedures, capital adequacy, and operating capital. These are quite tough requirements for new entrants to meet, but we can’t compromise on those requirements just because they’re new entrants.

**Duncan:** I think the market has to be sacrosanct in the whole process. As long as you maintain a level playing field, everybody knows where their money is and the investors are looked after, I think that’s the main thing. We worked very hard to get to where we are now and we should keep up the rigour we’ve achieved.

**Richard:** Over the course of South Africa’s reform of its securities market, it has at various stages and in different ways reached out to other markets in Africa going through a reform process and offered them the ability to leverage South Africa’s market infrastructure. Take up of the offer was hampered by a

**fear that such an arrangement would drain attention away from the smaller markets. Is there currently any way that you feel you can help other African markets, whether emerging or frontier, without raising that fear or is that something that you’ve given up on?**

**Ryan:** The sense I always get with the other African markets is they’d prefer to control their infrastructure themselves. They’d prefer to have their own CSD and their own exchange, so to the extent that our FMIs have actually offered our services, there has been push back purely from an ownership point of view.

**Bev:** That’s right. Several years ago, Strate offered certain markets use of our system for free with us simply charging transaction fees. As Ryan says, however, they preferred to have sovereign ownership of that infrastructure in their jurisdiction. Notwithstanding that, you asked, have we given up? I don’t think we’ve given up. There is a lot of work that still gets done. Significant numbers of African delegations do come through to Strate and I think they’re very open to learning from our experience. We are working very closely with some of them on, for example, legal framework to support dematerialisation. We assist them in developing process flows and settlement methodologies. We’re conscious that they don’t want



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DUNCAN SMITH, SOCIETE GENERALE

the Strate system itself.

**Richard:** What about the JSE?

**Leanne:** We continue to help other markets with listings requirements and operational matters. We have also seen a step up in terms of assistance to other African exchanges around product development. We’ve recently done some work with Zambia in respect of grains and that’s been interesting, because it’s also dollar-based and speaks to the needs of some of the African investors. So from a JSE perspective, we have a lot going on behind the scenes.

What I think is potentially going to be a game changer is the challenge of meeting some of the newer requirements. Let’s face it, putting together a market infrastructure and maintaining it, complying with all the international regulations is an expensive exercise.

**Rajesh:** If I look at my own experience in various African markets over the past 12 years, initially there was huge focus on ownership and control. Since then, while national pride and independence are also important, I see countries being more receptive towards South Africa in terms of systems, products, and regulations. As service providers, we bring a lot of regulatory entities to South Africa to meet with the Financial Services Board (FSB), the JSE, Strate and other parties to give them the insight that Bev and Leanne were describing.

**Bev:** I think there’s traction in two other areas as well. Our central bank is working with central banks in African jurisdictions on cross-border payments. The other thing that we’re seeing more interest in is CSD to CSD links for dual listings. However, we’re still waiting for the regulations to allow such links to be passed.