

## **SECTION 15**

### **CLEARING AND SETTLEMENT OF TRADES CARRIED OUT AS EXCLUDED CROSSINGS**

#### **15.1 SETTLEMENT OF TRADES**

##### **15.1.1 Inter - Clearing Member Settlement of Funds**

- (i) The inter-Clearing Member settlement of funds for a Trade carried out as an Excluded Crossing, shall take place by 10.30 hours on the Settlement Date, i.e. T+2, through the appointed settlement bank as per a Settlement Schedule issued by the Clearing House. The inter-Clearing Member settlement shall be completed by 10.30 hours on the Settlement Date. The Clearing Member shall be obliged to instruct the settlement bank/s to execute the payment order as per the relevant Settlement Schedules.
- (ii) All Excluded Crossings shall be reflected in a separate Settlement Schedule issued by the Clearing House, setting forth the gross amount to be settled by Clearing Members under each Excluded Crossing. The payment obligations under a Trade carried out as an Excluded Crossing shall be settled on a gross basis by the buying Clearing Member.
- (iii) The Clearing Member shall make available sufficient Cleared Funds in the settlement bank by 9.30 hours on the Settlement Date to settle the payment obligations arising out of the Trade.
- (iv) The Clearing House shall debit or credit itself and the Clearing Members with the amounts payable and receivable under the Trade in accordance with these Rules.
- (v) The selling Clearing Member, (a) shall ensure that Cleared Funds are made available to its Client or as directed by its Client in writing on the Settlement Date of the Trade, unless the Client has requested the Clearing Member, in writing, to retain the sale proceeds, and (b) can make settlements to or as directed by the Client either by cheques or electronic fund transfers to the Client's bank account. If payment is made to the Client or as directed by the Client by way of cheques they shall be duly crossed as 'Account Payee'. If the Client requests that the crossing be cancelled, the Clearing Member shall obtain a written request from the Client and such request must be authorized by the Chief Executive Officer of such Clearing Member. No cash cheques shall be issued to Clients or any other person as per the Client's directive as aforesaid.

##### **15.1.2 Settlement of Securities**

- (i) The selling Clearing Member shall ensure that the required number of Securities are available in the seller's Client Account in the form of

Cleared Balance prior to requesting the Clearing House to classify such trade as an Excluded Crossing in terms of Rule 2.8.2 of these Rules. The Clearing House shall, by arrangement with the CDS, ensure that such quantity of Shares are locked- in the seller's Client Account in order for delivery of such Shares to the buyer's Client Account on the Settlement Date.

- (ii) The settlement of Securities by delivery thereof, pursuant to a Trade, shall take place on the Settlement Date referred to in Rule 15.1.2 (i), only upon the receipt of confirmation of the settlement of funds from the appointed settlement bank.

## **15.2 Defaults in Fund Settlement of Trades carried out as Excluded Crossings**

15.2.1 A failure to settle funds by a buying Clearing Member on the Settlement Date as set out in Rule 15.1 shall result such transaction being deemed to be a defaulted transaction.

15.2.2 The Securities of a defaulted transaction resulting from a fund settlement failure shall not be transferred from the seller's Client Account to the buyer's Client Account in the CDS.