



UNEXcor
Universal Exchange Corporation Limited






STRIP BONDS OVERVIEW

- 1. BUSINESS OBJECTIVES**
- 2. BUSINESS REQUIREMENTS**
- 3. BUSINESS RULES**
- 4. PROCESS FLOW**



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BUSINESS OBJECTIVES

-  **To maintain and enhance the liquidity of the government securities market;**
-  **To satisfy the demand for zero coupon instruments;**
-  **To make all coupon strips maturing on the same date fungible thereby enhancing liquidity;**
-  **To provide a safe investment to the market by guaranteeing that the coupon and principal strips will remain the direct obligation of Government and will be backed by the full faith and credit of South Africa;**
-  **To provide a solution that is streamlined and unobtrusive in its implementation and operation.**



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BUSINESS REQUIREMENTS

-  **National Treasury will designate which bonds are strippable;**
-  **Initially only the fixed coupon benchmark bonds will be strippable;**
-  **Strippable bonds must be held in the CD in dematerialized form;**
-  **The principal and coupon strips may not be certificated once issued;**
-  **Initially only Primary Dealers (PD's) in Government bonds will be allowed to strip and reconstitute designated strippable bonds.**



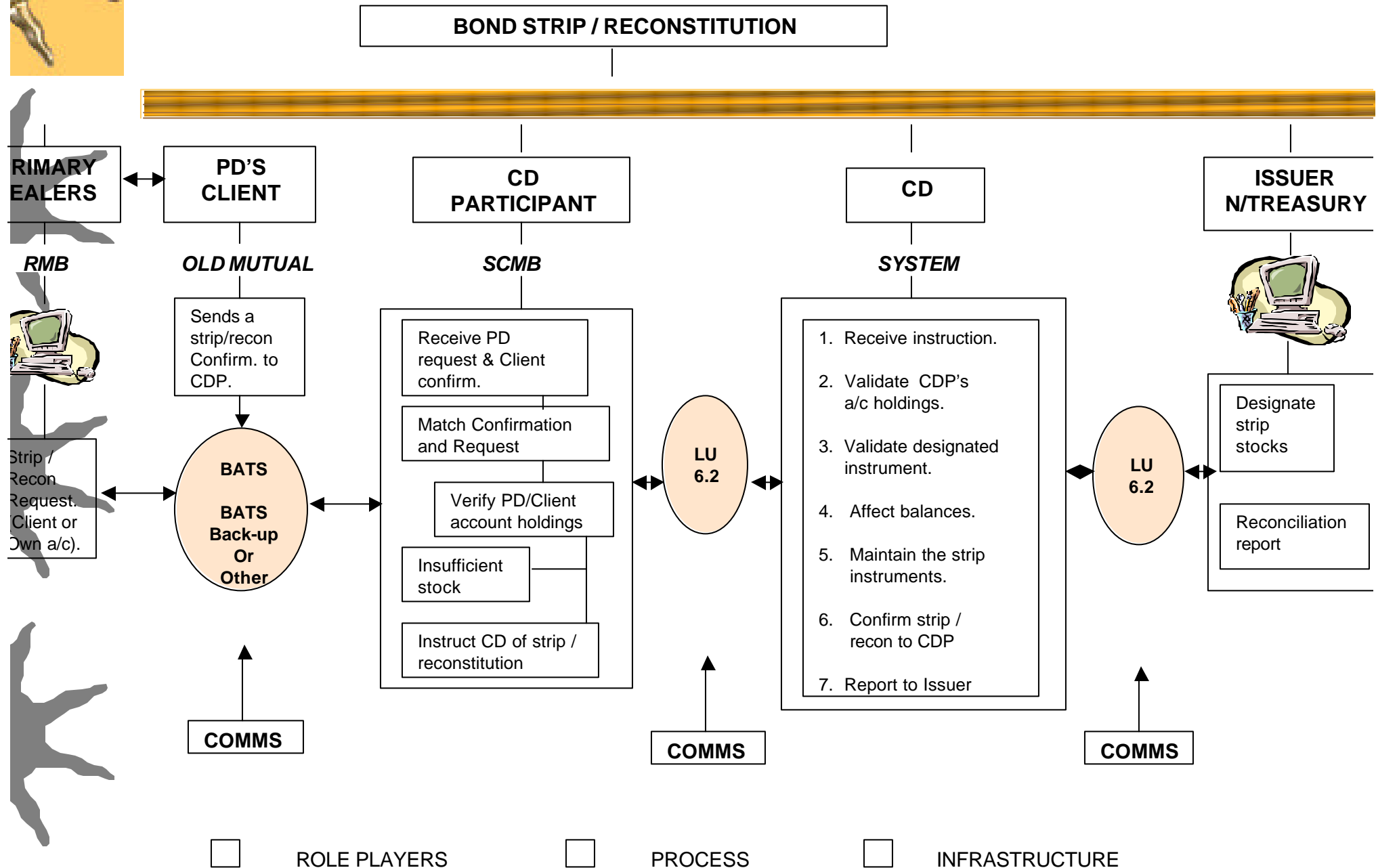
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BUSINESS RULES

-  **PD's will perform stripping and reconstituting via the Central Depository Participants (CDP);**
-  **PD's will have a relationship with all CDP's;**
-  **The Central Depository (CD) will act as the agent of National Treasury in terms of an agreement to systematically strip and reconstitute designated bonds;**
-  **The processing of a strip or reconstitution will take place on an on-line real time basis;**
-  **Strip reconstitution transactions will only be allowed during a normal Bond Exchange trading day; and**
-  **The minimum strip/reconstitution amount is R2400 and multiples thereof.**

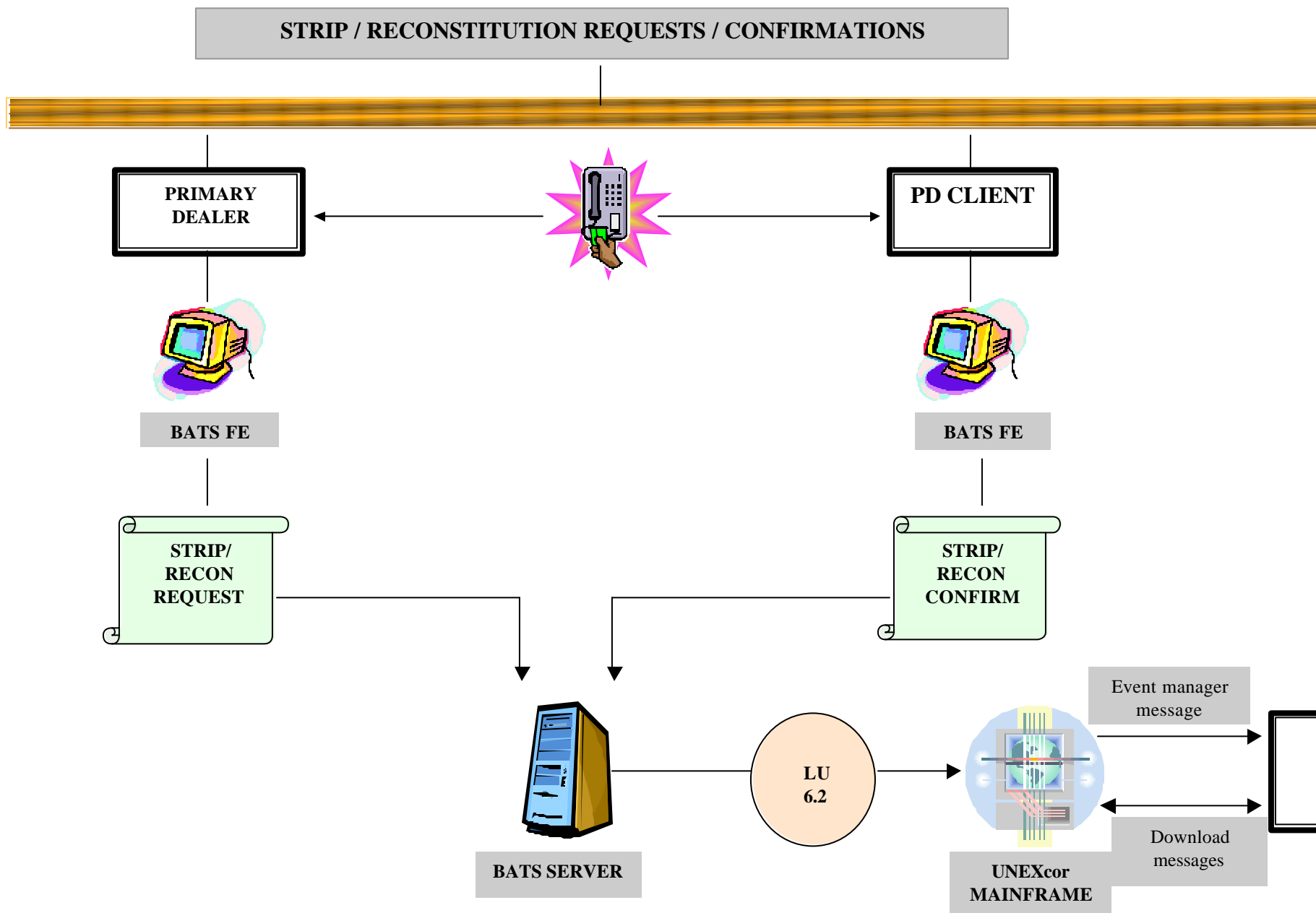


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QUESTIONS ????????