

South Africa's Participation in CLS

In 2003, The Standard Bank of South Africa Limited and Absa Bank Limited gave formal commitments to the Bank to participate in CLS as settlement members and shareholders.

In 2004 the Bank implemented changes to the South African Multiple Option Settlement (SAMOS) system in order to accommodate same-day square-off. Same-day square-off was the alignment of the SAMOS settlement cycle day with calendar days in order to be in line with the CLS settlement window.

During the same year, amendments were made to the National Payment System Act No 78 of 1998 (the Act). The changes to the Act catered, *inter alia*, for the inclusion of the rand as a CLS settlement currency.

The rand was officially accepted as a CLS currency and on 6 December 2004 the rand, as well as three other currencies, went live on the CLS system.

At the end of 2004, the currencies in which CLS-related transactions were settled, were the Australian dollar, the Canadian dollar, the Danish krone, the euro, the Hong Kong dollar, the Japanese yen, the Korean won, the New Zealand dollar, the Norwegian krone, the Singapore dollar, the South African rand, the Swedish krona, the British pound sterling, the Swiss franc and the United States dollar.

In order to facilitate timely funding for rand settlement within CLS, liquidity providers had to be identified within the South African community. The South African liquidity providers for CLS are:

- The Standard Bank of South Africa Limited;
- Absa Bank Limited; and
- FirstRand Bank Limited.

Within the South African settlement system, six SAMOS participants are providing nostro services to facilitate funding for the rand. These SAMOS participants are:

- The Standard Bank of South Africa Limited;
- Absa Bank Limited;
- FirstRand Bank Limited;
- Nedbank Limited;
- Calyon Corporate and Investment Bank; and
- Citibank N.A.

Absa Bank Limited, however, terminated its membership with Continuous Linked Settlement Bank (CLSB) on 24 November 2005 as it became a member of the Barclays Bank Plc group, another CLSB International Settlement Member. Currently, The Standard Bank of South Africa is the only local Settlement Member of CLSB.