

## **Bond Exchange of South Africa and Centre for BMI sign memorandum of understanding**

The Centre for Business Mathematics and Informatics® recently signed a memorandum of understanding with the Bond Exchange of South Africa (BESA). According to this understanding the Centre for BMI's SAS RiskLab will perform quarterly audits on the constitution of the Total Return Indices as well as BESA's calculations of the daily index values. The contract was negotiated by Prof Machiel Kruger of the SAS RiskLab and a colleague, Mr Helgard Raubenheimer, who developed the auditing system by designing a risk environment in the SAS Risk Dimensions® solution (SAS Institute, Headquarters Cary, North Carolina). At the end of each day of trading a data file containing the values of the indices and the yield-to-maturities of the constituent bonds is e-mailed to Mr Raubenheimer, who then uses the data in the files to check whether the indices are calculated correctly and send a report back to BESA. 3G technology enables Mr Raubenheimer to deliver the service every day, even when he is overseas or on vacation.

According to the director of the Centre for BMI, Prof Riaan de Jongh, the signing of the memorandum of understanding is significant. "The NWU, SAS and the Centre for BMI gain wide exposure in the SA financial services industry through this agreement, because BESA acknowledges the contribution by SAS and the Centre for BMI by publishing the BMI, SAS and NWU logos on all the audited reports. These reports are distributed daily to more than 100 companies in SA and more than 800 individuals in the financial services sector."

Companies that typically receive these reports include banks, asset managers, brokers, trading houses, data vendors, actuaries and consulting houses, and the Reserve Bank.

According to Garth Greubel, CEO of BESA: "The Centre for BMI is well regarded in the financial industry and lends academic creditworthiness to the services that BESA provide. The independent audit of our indices is very important to us."

In the last year, the Centre for BMI signed contracts to the value of more than R24 million with various business partners.