

NOTICE 17 OF 2005**FINANCIAL SERVICES BOARD****SECURITIES SERVICES ACT, 2004****MATTERS TO BE REPORTED ON BY AUDITOR OF REGULATED PERSON**

I, Jeffrey van Rooyen, hereby prescribe under section 90(2)(b) of the Securities Services Act, 2004 (Act No. 36 of 2004), the matters to be reported on by an auditor of a regulated person, as set out in the Schedule.

J VAN ROOYEN

Registrar of Securities Services

SCHEDULE**Definitions****1. In this Schedule –**

"the Act" means the Securities Services Act, **2004** (Act No. 36 of 2004), and any word or expression to which a meaning has been assigned in the Act, bears the meaning **so** assigned to it.

General matters

- 2. In addition to the reporting requirements prescribed by section 90 (2)(a) of the Act, an auditor of a regulated person must report on whether or not securities which, according to the relevant accounting records, have been entrusted to the regulated person or for which the regulated person is accountable to any person, are in the possession of the regulated person or a custodian, and whether**

confirmations or statements of holdings have been obtained from the persons who maintain the record of ownership of such securities.

Matters in respect of authorised user

3. In addition to the matters prescribed in paragraph 2, the auditor of an authorised user must report on whether or not the authorised user complies with -
 - (a) section 27 of the Act which relates to the maintenance and operation of a trust account; and
 - (b) the exchange rules made under section 18(2)(b) of the Act regarding capital adequacy. If an authorised user did not maintain the required capital at any time during the period under review, such failure must be stated in the auditor's report.

Matters in respect of participant

4. In addition to the matters prescribed in paragraph 2, the auditor of a participant must report on whether or not the participant complies with the -
 - (a) requirements of the depository rules and the Act regarding the maintenance of securities accounts; and
 - (b) the depository rules relating to the reconciliation of securities accounts to the central securities account kept by the central securities depository.

Cessation of business

5. The auditor of a regulated person must report, within 3 months of the date on which the regulated person ceased to do business, on whether or not the regulated person has complied with the requirements contained in paragraphs 8 (2) (b) and 8 (2) (c) of the Registrar's notice dealing with accounting records to be maintained by a regulated person.

Commencement

6. This Notice comes into operation on the same date on which the Securities Services Act, 2004, comes into operation.