

BOARD NOTICES RAADSKENNISGEWINGS

BOARD NOTICE 100 OF 2008

SECURITIES SERVICES ACT, 2004

PROPOSED AMENDMENT TO THE RULES OF STRATE LIMITED

1. In terms of section 61(5) of the Securities Services Act, 2004 (Act No. 36 of 2004), it is hereby notified that Strate Limited has applied to the Registrar of Securities Services for approval of proposed amendments of its rules, which amendments are set out in the Schedule.
2. In terms of section 61(5) of the said Act, all interested persons who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Securities Services, PO Box 35655, Menlo Park, 0102, within a period of 14 days from the date of publication of this notice.
3. In terms of section 61(6) of the said Act, I, Dube Tshidi, hereby determine 30 October 2008 as the date on which the rules in the Schedule come into operation. If any objections are received, another commencement date may be determined by notice in the Gazette.

DP TSHIDI
REGISTRAR OF SECURITIES SERVICES

SCHEDULE

PROPOSED AMENDMENT TO THE RULES OF STRATE LIMITED

General explanatory notes

1. Words underlined with a solid line (____) indicate the insertions in the existing rules.
2. Words in bold and in square brackets ([]) indicate omissions from the existing rules.

1. INTERPRETATION AND DEFINITIONS

1.1 ...

1.2 Definitions

'Registered Auditor' means an individual or firm registered as an auditor with the Independent Regulatory Board for Auditors in terms of the Auditing Profession Act, 2005 (Act No. 26 of 2005);

['SAICA' means the South African Institute of Chartered Accountants;]

'Strate Circular' means the agreed upon procedures for Registered Auditors reporting on factual findings in terms of the CSD Rules as issued by the CSD **['SAICA Guidelines' means the Guidance for Auditors: Reporting in terms of Central Securities Depository (CSD) Rules as issued by SAICA];**

7. MONEY MARKET SECURITIES OWNERSHIP REGISTER

7.1 Definitions

'Client Identification Data' means, in respect of an owner of MM Securities, the information stipulated by Directive[.];

'Corporate Participant' means a Participant that opens and maintains MM Securities Accounts in the Securities Ownership Register for MM Securities owned by it [.];

"ETME" means an application system which is situated between the business partners with a trader role and the electronic Money Market Settlement System and is used as a bulk matching and trade allocation tool that reports trades for settlement to the MMSS;

'ISIN' means the International Securities Identification Number which is a unique internationally recognised securities identification number that identifies the specific MM Security[.];

'Issuer Agent' means an entity that is registered with the CSD as stipulated by Directive and is appointed by an MM Issuer to act as its agent for the issuing of MM Securities[.];

'MM Issuer' means an entity which issues MM Securities[.];

'MMSS' means the electronic Money Market Settlement System that facilitates securities services with regards to Money Market Securities;

'Money Market Securities', herein referred to as "MM Securities" means "Money Market Instruments" for purposes of Chapter IV of the Act that are Uncertificated Securities deposited in the Securities Ownership Register as Eligible Securities in terms of the Rules[.];

'MM Securities Account' means a Securities Account opened and maintained by or on behalf of a Participant for a Client, or for itself, in the Securities Ownership Register reflecting the Client Identification Data of such Client, or itself, and the nominal value of MM Securities deposited and all entries made in respect of such MM Securities **[relating to the Client.]**;

'National Numbering Agency' means the numbering agency appointed by the International Association of National Numbering Agencies for the allocation of ISINs to South African securities[.];

"Repurchase Agreement" means two simultaneous transactions to purchase securities by an investor from a bank or dealer and the commitment by the bank or dealer to repurchase the securities at the same price at an agreed future date;

"SARB" means the South African Reserve Bank as defined in the South African Reserve Bank Act, 1990 (Act No. 89 of 1990);

'Securities Ownership Register' means the Central Securities Account comprising the various MM Securities Accounts opened and maintained by Participants[.];

'sell and buy back' means a Repurchase Agreement or carry whereby the intention of the seller (transferor of securities) is to sell the securities to the purchaser or the ISIN is delivered conditional to the purchaser returning the same ISIN delivered, or, if agreed to by the parties, an ISIN with the same or similar characteristics;

7.2 Creation and Deposit of Securities

7.2.1 ...

7.2.4.3 its Client Identification Data[.];

7.2.4.4 Settling Bank.

7.4 Information and Reporting in respect of MM Securities Accounts

7.4.1 ...

7.4.3 All MM Securities transactions must be reported to the ETME as stipulated by Directive.

7.10 Withdrawal

7.10.1

7.10.2 Any Client who wishes to withdraw its [her] MM Securities held by a Participant in a MM Securities Account in the Securities Ownership Register and obtain a certificate or written instrument in respect of all or part of those MM Securities must notify the Participant thereof, in which case:

7.11 Maintenance and Operation [Closing and Retention] of MM Securities Accounts

7.11.1 Where there has been no activity and no holdings in [balance on] an MM Securities Account for a period of 3 (three) [5 (five)] years, such MM Securities Account must be recorded in the Securities Ownership Register as dormant [removed] by the CSD [from the Securities Ownership Register and archived and retained for a period of 5 (five) years] under advice from the relevant Participant.

7.11.2 A Participant may freeze its Client's MM Securities Account in the Securities Ownership Register and no transactions may be recorded against a frozen MM Securities Account until the Participant reinstates such MM Securities Account. A Participant may freeze a Client's MM Securities Account where the Participant is required to do so in terms of the Act, Rules, Directives or any other law.

- 7.11.3 No transactions may be recorded against an MM Securities Account recorded in the Securities Ownership Register as dormant as set out in Rule 7.11.1, until the relevant Participant reinstates such MM Securities Account.
- 7.11.4 If an MM Securities Account has been recorded in the Securities Ownership Register as dormant as set out in Rule 7.11.1, and such MM Securities Account remains dormant for a further period of 2 (two) years, the MM Securities Account shall be "deleted" by the CSD from the Securities Ownership Register under advice from the relevant Participant.
- 7.11.[2].5 Participants are not entitled to delete MM Securities Accounts in the Securities Ownership Register. [After the retention period as set out in Rule 7.11.1,] Only the CSD may delete all Records of the MM Securities Account in the Securities Ownership Register from the MMSS [SAFIRES] and archive and retain such Records for a period of 5 (five) years.

8. RISK AND COMPLIANCE

8.1 Reports and audits – Participants

- 8.1.1 ...
- 8.1.5 The Registered Auditor [external auditor] of the Participant must submit a factual findings report annually to the Controlling Body, within 90 (ninety) calendar days after the financial year-end of the Participant which complies with the Strate Circular [STRATE SAICA Guidelines], the Act and Rules.
- 8.1.6 The Registered Auditor [external auditor] of the Participant must annually report to the Controlling Body whether or not:
- 8.1.6.1 ...
- 8.1.6.2 the Participant complies with the Rules relating to the reconciliation of Securities Accounts to the Central Securities Accounts kept by the CSD.
- 8.1.7 A Participant must, within 90 (ninety) calendar days from its financial year end, ensure that its Registered Auditor [external auditor] submits to the Controlling Body, any further reports as required by the Act and Rules.