

SPECIAL GAZETTE OF STRATE LTD

10 November 2001

6 – 2001 INTRODUCTION OF NEW DIRECTIVE SDC – CLIENT ACCEPTANCE PROCEDURE IN TERMS OF RULE 6.3.2.6

CSD Participants are advised that the Controlling Body of STRATE has, in terms of rule 3.4 of the CSD Rules approved the introduction of new directive SDC with effect from 1st March 2002.

- 1.1 Where a new client of a CSD participant applies to open an uncertificated securities account in terms of the rules, the CSD participant is prohibited from accepting such a client, unless the CSD participant:
 - 1.1.1 obtains a letter from the client in which the client declares whether or not the client is a nominee company intending to hold securities on behalf of a beneficial owner;
 - 1.1.2 validates the client's identity and name and records the method of validation;
 - 1.1.3 ensures that where the client has indicated that it is acting as a nominee company on behalf of a beneficial owner, the necessary approval is granted by the Registrar as required in the document "*Requirements imposed by the Financial Services Board for Nominee companies to operate in South Africa*" and in terms of the rules.
 - 1.1.4 in the case of a foreign nominee company, obtains assurance that such nominee company is operating within its domestic legal framework with the appropriate regulatory approval required in the home jurisdiction.
- 1.2 Where an existing client of a CSD participant applies or has applied to open an uncertificated securities account in terms of the rules, the CSD participant must ensure compliance as set out in paragraph 1.1.
- 2 Where a nominee company holds securities on behalf of a beneficial owner as set out in paragraph 1 above, the directors of the CSD participant and its external auditor must annually report in terms of rule 7.1.4 and 7.1.5 to the controlling body of the CSD compliance with rule 6.3.2.6.

MARIA VERMAAS
Head – Regulations