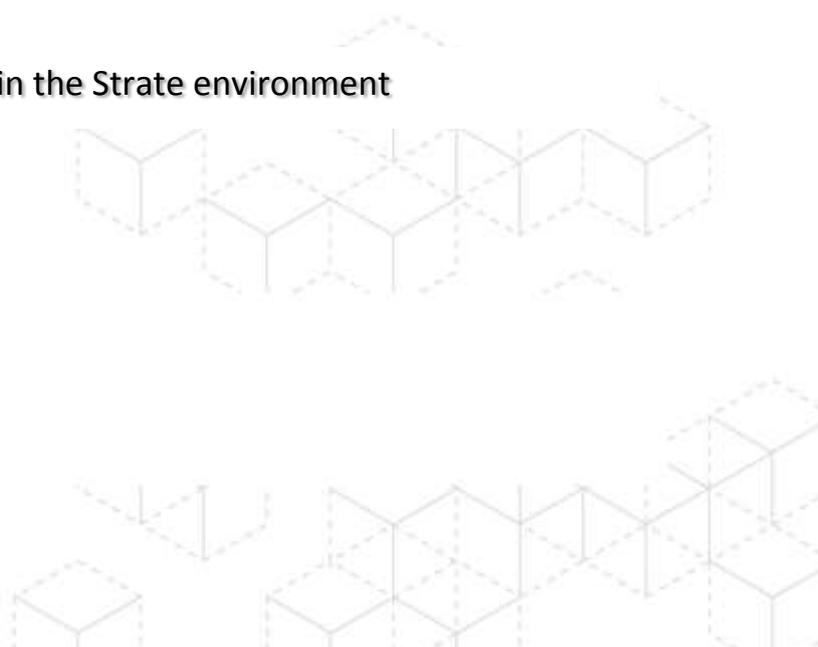


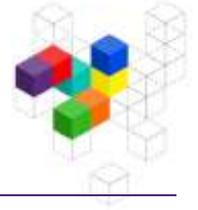
# Directive of Strate Proprietary Limited

Special Gazette No S12-2016

Strate Directive SA.7

Requirements for Nominees to operate in the Strate environment





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**To provide for the approval of a Nominee of a Participant in terms of section 76(1)(b) of the Act; to provide for the recognition of Nominees approved in terms of Section 76(3) of the Act for beneficial ownership information download purposes; to provide for the continuing obligations of all Nominees; and to provide for an application form for approval or recognition of a Nominee**

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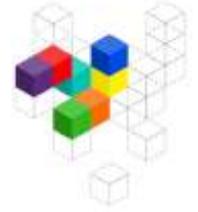
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<sup>1</sup> "CSD" changed to "Strate" with effect from 1 December 2016  
Directive of Strate (Pty) Ltd  
Registration Number 1998/022242/07



## 1. INTERPRETATION, DEFINITIONS AND APPLICATION

### 1.1 Interpretation

In this Strate Directive, any interpretation, word or expression to which a meaning has been assigned in the Strate Rules bears the meaning so assigned to it.<sup>2</sup>

### 1.2 Definitions<sup>3</sup>

‘Broker’ means an Authorised User, being a person authorised by an Exchange in terms of the Exchange rules to perform such Securities Services as the Exchange rules may permit;

‘FSB’ means the Financial Services Board; and

‘STRATE Supervision’ means Supervision Division of Strate headed by the Head of Supervision and set up by the Controlling Body in terms of the Strate Rules.

### 1.3 Application

#### 1.3.1 In terms of section 76(1)(b) of the Act:

*“A Nominee of a participant must be approved as a nominee by the central securities depository in terms of the depository rules and comply with the requirements set out in the rules”.*

The above statutory and legislative requirements limits Strate’s obligations to the approval of Nominees of Participants and the monitoring of such Nominees’ on-going compliance with the criteria stipulated in this Strate Directive.

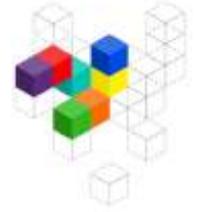
#### 1.3.2 Further, in terms of paragraph 6.6.4 of the Strate Rules:

*“A participant may only open a Securities Account in the name of a Nominee where the Nominee has been approved by Strate in accordance with section 76(1)(b) of the Act, Strate Rules and Strate Directives”.*

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<sup>2</sup> “Rules” and “Directives” changed to “Strate Rules” and “Strate Directives” throughout the document with effect from 1 December 2016

<sup>3</sup> Definition “Act” removed with effect from 1 December 2016



## PART A

### APPLICATION FOR APPROVAL OF A NOMINEE OF A PARTICIPANT IN TERMS OF SECTION 76(1)(B) OF THE ACT

#### 2. REQUIREMENTS TO BE APPROVED AS A NOMINEE OF A PARTICIPANT

To be eligible to be approved as a Nominee of a Participant and to maintain such approval, the Nominee must fulfil the following requirements:

##### 2.1 The Nominee must:

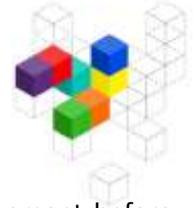
- 2.1.1 be a registered company under the Companies Act, 2008 (Act No. 71 of 2008), and must ensure that the word 'Nominee' or 'Nominees' is included in its name; and
- 2.1.2 be wholly owned by a Participant of a Central Securities Depository authorised in terms of the Act.

##### 2.2 The Participant must:

- 2.2.1 have a system capable of providing Strate with a download of beneficial ownership information of all eligible Securities registered in the name of the Nominee, in the format and frequency as stipulated by Strate from time to time;
- 2.2.2 ensure it has back-up procedures to ensure the integrity of its Nominee records and has located its disaster recovery hardware and related facilities off-site and complies with any other security and disaster recovery procedures as required by Strate;
- 2.2.3 pay all non-refundable fees and levies as determined by and published on the official website of Strate from time to time; and
- 2.2.4 comply with any other reasonable criteria which Strate may from time to time specify.

##### 2.3 Where the Participant has outsourced the maintenance of the Nominee's Securities Register to a third party ("the outsource company"):

- 2.3.1 that outsource company must meet the requirements of 2.2.1, 2.2.2 and 2.2.4 above;
- 2.3.2 the Participant must inform the clients of such outsource arrangements; and
- 2.3.3 there must be a signed administration and service level agreement between the Participant and the outsource company, which must at least contain the following provisions:
  - 2.3.3.1 details of the responsibilities of each party involved;
  - 2.3.3.2 a provision which states that the contract shall only be valid whilst the outsource company is acceptable to Strate; and



- 2.3.3.3 a provision precluding the change or cancellation of the above agreement before informing Strate and that this notification to Strate will be not less than 90 (ninety) days prior to the date of change or cancellation.

### 3. DOCUMENTATION TO BE SUBMITTED

An application for approval of a Nominee in terms of section 76(1)(b) of the Act and Strate Rule 6.6.4 must be made in writing, on the form stipulated by Strate, and set out in Part D of this Strate Directive, and shall include the following:

- 3.1 Proof of payment of a non-refundable application fee as published on the official website of Strate from time to time;
- 3.2 A written confirmation from Strate, confirming adherence to 2.2.1 above;
- 3.3 A copy of the signed administration and service level agreement referred to in 2.3.3 above (if any); and
- 3.4 Such other information that Strate may require.

### 4. APPLICATION PROCEDURE

- 4.1 A Participant must lodge a written application for approval of a Nominee of a Participant in terms of section 76(1)(b) of the Act and Strate Rule 6.6.4, with STRATE Supervision to:

Postal Address: P O Box 78608, Sandton, 2196

Physical Address: First Floor, 9 Fricker Road, Illovo Boulevard, Illovo, Sandton, 2146

- 4.2 Upon receipt of the application, provisional approval of the Nominee may be granted if the Head of STRATE Supervision is satisfied that the requirements of 2.1, 2.2 and 2.3 (if applicable) above have been met.
- 4.3 Provisional approval is granted for a period not exceeding 3 (three) months. This period may be extended at the discretion of the Head of STRATE Supervision.
- 4.4 Testing of the Participant's ability to provide a download of beneficial ownership information in terms of 2.2.1 above may commence upon notification of provisional approval.
- 4.5 Final approval of the Nominee will only be recommended to the Regulatory and Supervisory Committee if the Participant has successfully passed both validity and reconciliation testing of the beneficial ownership information download referred to in paragraph 2.2.1 above.

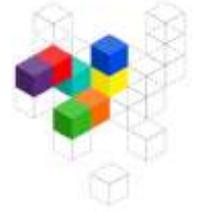
### 5. SUBMISSION OF ANNUAL FINANCIAL STATEMENTS TO STRATE

The Participant must, within 90 (ninety) days from its financial year end, or within 6 (six) months in respect of a bank Participant or the SARB, submit the audited annual financial statements of the Nominee.



## 6. WITHDRAWAL OR SUSPENSION OF APPROVAL

Strate may withdraw or suspend the approval of a Nominee should the Nominee concerned, the Participant or the outsource company, fail to comply with Strate's requirements at any time.



## PART B

### RECOGNITION BY STRATE OF NOMINEES APPROVED IN TERMS OF SECTION 76(3) OF THE ACT FOR BENEFICIAL OWNERSHIP INFORMATION DOWNLOAD PURPOSES

7.
  - 7.1 In order to ensure that the beneficial ownership information download requirements are met, a Nominee approved in terms of section 76(3) of the Act may not open a Securities Account with a Participant or a Broker unless the Nominee concerned has been recognised by Strate.
  - 7.2 In order to be recognised by Strate:
    - 7.2.1 the entity that wholly owns the Nominee must:
      - 7.2.1.1 have a system capable of providing Strate with a download of beneficial ownership information of all eligible Securities registered in the name of the Nominee, in the format and frequency as stipulated by Strate from time to time;
      - 7.2.1.2 ensure it has back-up procedures to ensure the integrity of its Nominee records and has located its disaster recovery hardware and related facilities off-site and complies with any other security and disaster recovery procedures as required by Strate;
      - 7.2.1.3 pay all non-refundable fees and levies as determined by and published on the official website of Strate from time to time; and
      - 7.2.1.4 comply with any other reasonable criteria which Strate may from time to time specify.
    - 7.2.2 where the entity that wholly owns the Nominee has outsourced the maintenance of the Nominee's Securities Register to a third party ("the outsource company"):
      - 7.2.2.1 that outsource company must meet the requirements of 7.2.1.1, 7.2.1.2 and 7.2.1.4 above;
      - 7.2.2.2 the entity that wholly owns the Nominee must inform the clients about such outsource arrangements; and
      - 7.2.2.3 there must be a signed administration and service level agreement between the entity that wholly owns the Nominee and the outsource company, which must at least contain the following provisions:
        - a) details of the responsibilities of each party involved;
        - b) a provision which states that the contract shall only be valid whilst the outsource company is acceptable to Strate; and



- c) a provision precluding the change or cancellation of the above agreement before informing Strate and that this notification to Strate will be not less than 90 (ninety) days prior to the date of change or cancellation.

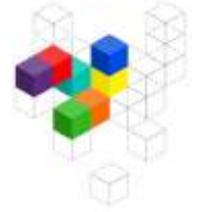
7.3 The entity that wholly owns a Nominee must lodge a written application for recognition of a Nominee approved in terms 76(3) of the Act with STRATE Supervision to:

Postal Address: P O Box 78608, Sandton, 2196

Physical Address: First Floor, 9 Fricker Road, Illovo Boulevard, Illovo, Sandton, 2146

The Application must be on the form stipulated by Strate, and set out in Part D of this Strate Directive, and shall include the following:

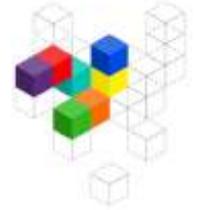
- 7.3.1 a written confirmation or proof by the relevant regulatory authority, that the Nominee has been approved as a Nominee in terms of 76(3) of the Act;
  - 7.3.2 a written confirmation from Strate, confirming adherence to 7.2.1.1 above;
  - 7.3.3 a copy of the signed administration and service level agreement referred to in 7.2.2.3 above (if any); and
  - 7.3.4 such other information that Strate may require.
- 7.4 Strate may suspend or withdraw the recognition, should a Nominee, the entity that wholly owns the Nominee or the outsource company fail to comply with Part B and Part C of this Strate Directive.



## PART C

### CONTINUING OBLIGATIONS OF ALL NOMINEES

8. The following obligations apply to all Nominees approved by Strate in terms of Part A and to all Nominees recognised by Strate in terms of Part B.
  - 8.1 Should the approval of the Nominee in terms of section 76(3) of the Act be suspended or withdrawn, the Nominee or the entity that wholly owns the Nominee, must within 24 (twenty four) hours, notify Strate in writing of the suspension or withdrawal.
  - 8.2 Where the approval or recognition of a Nominee has been withdrawn, Strate will notify the Participant or the Broker administering the Nominee's Securities Account. The Participant or the Broker must freeze the Nominee's Securities Account until:
    - 8.2.1 the approval or recognition is regained; or
    - 8.2.2 separate Securities Accounts per beneficial owner of Securities have been opened; or
    - 8.2.3 written instructions from all the beneficial owners of Securities have been received requesting the transfer of the Securities to a valid Securities Account.
  - 8.3 Where the Nominee's Securities Account had no holdings for a period of at least 3 (three) months, the Participant or the entity that wholly owns the Nominee must, before resuming the provision of the download of beneficial ownership information to Strate, provide to the Head of STRATE Supervision another copy of the confirmation from Strate confirming that it has a system capable of providing Strate with a download of beneficial ownership information of all eligible Securities registered in the name of the Nominee, in the format and frequency as stipulated by Strate from time to time.
  - 8.4 A register of:
    - 8.4.1 all approved Nominees, specifying the categories of approval, is maintained by the FSB.
    - 8.4.2 all Nominees approved and recognised by Strate are maintained by Strate.



## PART D

### APPLICATION FOR APPROVAL OR RECOGNITION OF NOMINEES TO OPERATE IN THE [CSD] STRATE ENVIRONMENT

#### *I. Instructions for completion and submission*

1. This form must be properly completed and signed. Questions must be answered either in full or not applicable (“N/A”). The signatory(ies) must be duly authorised to make the application.
2. The format of this form or the wording of questions may not be changed. However, this form may be reproduced.
3. Answers may be handwritten or typed.
  - 3.1 If the answers are typed –
    - (a) delete the solid lines in those areas provided for answers before the answers are typed or use the overtyping mode whilst the answers are typed.
    - (b) rows may be inserted where insufficient space is provided for answers.
  - 3.2 If the form is completed by hand, should the space provided not be sufficient, the detail can be provided on a separate page, duly cross-referenced to the relevant question.
  - 3.3 If the form that is submitted contains any alterations to the typed or handwritten information, the authorised signatory must initial or sign next to those alterations.
4. The completed form does not need to be accompanied by any duplicate copy of the form.
5. The application should be submitted in advance to ensure that there is sufficient time to allow the Head of STRATE Supervision, to consider it and seek information or clarification, where necessary.



**II. Documents to be submitted**

This form must be accompanied by the following documents:

**1. Application for approval of a Nominee of a Participant**

In the case of an application for approval of a Nominee of a Participant in terms of Part A, please attach the following documents and tick the boxes below:

**Required documents**

- 1.1 proof of payment of the non-refundable application fee as set out in Part A of this Strate Directive;
- 1.2 company registration certificate of the Nominee;
- 1.3 a written confirmation from Strate, confirming successful testing of the beneficial ownership information download;
- 1.4 a copy of the signed administration and service level agreement referred to in 2.3.3, if applicable; and
- 1.5 a written confirmation or proof that a Nominee is wholly owned by the Participant.

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

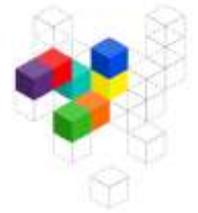
**2. Approval for recognition of a Nominee**

In the case of an application for recognition of a Nominee in terms of Part B, please attach the following documents and tick the boxes below:

**Required documents**

- 2.1 company registration certificate of the Nominee;
- 2.2 a written confirmation by the relevant regulatory authority that the Applicant has been approved to operate as a Nominee;
- 2.3 a written confirmation from Strate, confirming successful testing of the beneficial ownership information download; and
- 2.4 a copy of the signed administration and service level agreement referred to in 7.2.2.3.

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>



**III. Information required**

3. The Applicant, \_\_\_\_\_  
 (state the full name of the Nominee), hereby applies for (indicate the nature of an application below):

- approval as a Nominee of a Participant in terms of section 76(1)(b) of the Act, or
- recognition as a Nominee approved in terms of section 76(3) of the Act

4. Confirm the type of assets to be held in custody on behalf of beneficial owners and for which approval or recognition is sought:

- Equities
- Bonds
- Cash

5. Does the Participant or the entity that wholly owns the Nominee have a system capable of providing Strate with a download of beneficial ownership information of all eligible Securities registered in the name of the Nominee, in the format and frequency stipulated by Strate?

- Yes
- No

6. Does the Participant or the entity that wholly owns the Nominee have back-up procedures to ensure the integrity of its Nominee records and has located its disaster recovery hardware and related facilities off-site?

- Yes
- No

**7. Ownership of the Nominee**

Please provide the following **details of the Participant** or the entity that wholly owns the Nominee:

- 7.1 full name: \_\_\_\_\_
- 7.2 company registration number: \_\_\_\_\_
- 7.3 VAT registration number: \_\_\_\_\_
- 7.4 physical address: \_\_\_\_\_



7.5 postal address: \_\_\_\_\_  
\_\_\_\_\_

Please provide the following **details of the contact person** of the Participant or the entity that wholly owns the Nominee:

7.6 full names of the contact person: \_\_\_\_\_

7.7 telephone number: \_\_\_\_\_

7.8 email address: \_\_\_\_\_

**8. Details of the Participant or Broker**

8.1 Please indicate whether the Nominee’s Securities Account will be maintained by a Participant or a Broker:

<input type="checkbox"/>	Participant
<input type="checkbox"/>	Broker

Please provide the following **details of the Participant or Broker** maintaining the Nominee’s Securities Account:

8.2 full name: \_\_\_\_\_

8.3 company registration number: \_\_\_\_\_

8.4 physical address: \_\_\_\_\_  
\_\_\_\_\_

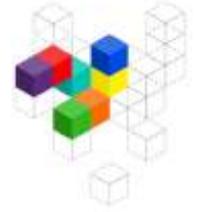
8.5 postal address: \_\_\_\_\_  
\_\_\_\_\_

Please provide the following **details of the Participant’s or Broker’s contact person**:

8.6 full names of the contact person: \_\_\_\_\_

8.7 telephone number: \_\_\_\_\_

8.8 email address: \_\_\_\_\_



**9. Details of the outsource company**

9.1 Did the Participant or the entity that wholly owns the Nominee outsource the maintenance of the Nominee’s Securities Register to a third party (“the outsource company”)?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

If yes, please provide the following **details of the outsource company**:

9.2 full name: \_\_\_\_\_

9.3 company registration number: \_\_\_\_\_

9.4 physical address: \_\_\_\_\_  
\_\_\_\_\_

9.5 postal address: \_\_\_\_\_  
\_\_\_\_\_

Please provide the following details of the outsource company’s contact person:

9.6 full names of the contact person: \_\_\_\_\_

9.7 telephone number: \_\_\_\_\_

9.8 email address: \_\_\_\_\_

**V. Declaration:**

We, the undersigned, duly authorised hereto,

- warrant that the Applicant / Nominee complies with the requirements set by Strate in terms of Strate Directive SA.7, and
- certify that, to the best of our knowledge, the information provided in this form is complete, accurate and true and not misleading in any respect.



**The Nominee's authorised signatory:**

Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**The authorised signatory of a Participant or the entity that wholly owns a Nominee:**

Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_