

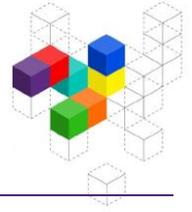
Directive of Strate Proprietary Limited

Special Gazette No S4-2016

Strate Directive SB.1

Procedure for Conversion of Certificated Entities to Uncertificated Entities and Vice Versa



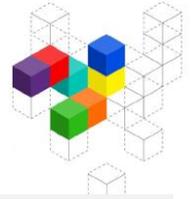


To cater for the process that Participants and Issuers (or their Issuer Agents) must follow for an orderly and regulated Dematerialisation/Immobilisation and Rematerialisation process so that there is no duplication of Securities on the register, the Securities holder is not dispossessed and to limit the risk faced by Strate, Participants and Issuers in this process

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1 DISCLAIMER

The content of this Strate¹ Directive is presented on a logical level to facilitate understanding of the business processes. Strate cannot accept responsibility and cannot be held liable for any consequential damages should any person misinterpret the contents or draw incorrect conclusions. Any assumptions or conclusions should be verified.

2 INTERPRETATIONS AND DEFINITIONS²

In this Strate Directive, any interpretation, word, or expression to which a meaning has been assigned in the Strate³ Rules bears a meaning so assigned to it.

‘BOD means “Beginning of Day” and is the time as stipulated in the Strate Directives;

‘Strate System’ means the computer system or systems and associated network or networks operated or used by Strate for the purpose of clearing and settlement of securities, or any other purpose performed by Strate in terms of the Act;

‘Dematerialisation’ means the process of converting certificated Securities to Uncertificated Securities;

‘Depository Receipt’ means a Security traded on a local Exchange or Off-market that represents an underlying foreign Security, traded on an external Exchange;

‘EOD’ means “End of Day” and is the time as stipulated in the Strate Directives;

‘Foreign Incorporated Company’ means those foreign incorporated companies, or Depository Receipt Issuers, granted a listing on an Exchange;

‘Issuer Agent’ means any person appointed by an Issuer to act as its agent in the performance of the functions set out in this Strate Directive, and includes any transfer secretary appointed by the Issuer;

‘Immobilisation’ means the process of depositing certificates or documents of title in respect of certificated Securities with Strate or its wholly owned subsidiary and the recording of the ownership in such Securities in a Securities Account;

‘PLC Nominees’ means PLC Nominees Proprietary Limited, Registration Number 1989/002235/07;

‘Rematerialisation’ means the process of converting Uncertificated Securities to certificated Securities;

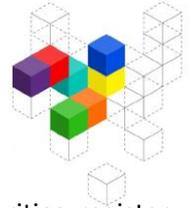
‘Same Day Settlement’ means a transaction reported to Strate on the same day on which settlement occurs, irrespective of the actual trade date;

‘SWIFT’ means Society for Worldwide Interbank Financial Telecommunications;

¹ “Rule/s” and “Directive/s” become “Strate Rule/s” and “Strate Directive/s” throughout this document with effect from 11 July 2016

² Definitions amended with effect from 11 July 2016

³ “CSD” and “the CSD” amended to “Strate” throughout the document with effect from 11 July 2016



‘UCB’ means Unknown-Certificated Balances, which are described as balances on the Securities register where the certificate number details are unknown to the present Issuer Agent. During the course of taking over a Securities register from a previous agent this data was not in a readable format. It is important to note that the shareholder records reflect the number of shares held and that the Securities register balances with the issued share capital and that it is only the certificate or document of title number details that are missing.

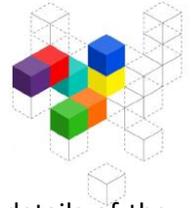
3 PARTICIPANT PROCEDURES

- 3.1 A Participant must prepare and dispatch a message to the Strate System to inform Strate that a certificate or document of title has been submitted to the Issuer Agent for Dematerialisation. The message contains details of the certificate or document of title.
- 3.2 The Participant must stamp the certificate or document of title to denote that it is for “Dematerialisation”.
- 3.3 The Participant must allocate a Dematerialisation reference number to the certificate or document of title. The reference number must be alphanumeric, maximum 16 characters long. This is derived from the SWIFT standard. The reference number is the same reference number as that used on the message to Strate from the Participant. The Dematerialisation reference number must be unique per Participant (no cycles per day / week / month may be used).
- 3.4 The Participant must deliver the certificate or document of title to the Issuer Agent.
- 3.5 In the case of Securities of Foreign Incorporated Companies whose Securities have been Immobilised and registered in the name of PLC Nominees, a completed and signed Securities transfer form transferring the Securities from the legal owner to PLC Nominees, must accompany the certificate or document of title that is delivered to the Issuer Agent.
- 3A In the case of BEE Securities or Restricted Securities, a Participant may facilitate bulk dematerialisation effected by a third party acting on behalf of holders of BEE Securities or Restricted Securities, provided that a request for bulk dematerialisation made by such third party is supported by a letter from the Issuer or Issuer Agent confirming that the holders of such BEE Securities or Restricted Securities, and the bulk dematerialisation of the BEE Securities or Restricted Securities, comply with the Issuer’s requirements, and are not inconsistent with applicable law and scheme documents.⁴

4 STRATE PROCEDURES

- 4.1 On receipt of the message from the Participant, the Strate System automatically creates a pending Dematerialisation balance for that Participant.

⁴ Inserted with effect from 26 October 2015



- 4.2 The Strate System prepares and submits a message for Dematerialisation, containing details of the certificate or document of title to be Dematerialised. This notification informs the Issuer Agent that it can expect a certificate or document of title from a particular Participant. The Dematerialisation process may only continue after receipt of this message.

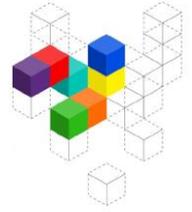
5 ISSUER AGENT PROCEDURES⁵

- 5.1 The Issuer Agent must receive both the certificate or document of title and the Dematerialisation message from Strate before the Dematerialisation process can continue, notwithstanding any time delay between receiving either the Strate System's Dematerialisation message or the certificate.
- 5.2 On receipt of the certificate or document of title, the Issuer Agent must issue a receipt to the Participant.
- 5.3 The Issuer Agent must, once it has received both the certificate, or document of title, and the Strate System's Dematerialisation message, process the dematerialisation request within 24 (twenty-four) hours.
- 5.4 Securities reconciliation between Strate and Issuer Agents shall be done daily as part of the EOD processing. Issuer Agents must send the Statement of Holdings message to Strate before start of EOD.
- 5.5 Confirmation of Dematerialisation or Rematerialisation orders for Same Day Settlement can be done up until Statement of Holdings processing (19h00).
- 5.6 The confirmation of Dematerialisation and Rematerialisation orders must be completed by Issuer Agents within a maximum of 24 (twenty-four) hours.
- 5.7 Dematerialisation orders received without certificates must be rejected by Issuer Agents within 24 (twenty-four) hours of receipt of the order.

6 VALIDATION OF CERTIFICATES OR DOCUMENTS OF TITLE

- 6.1 The Issuer Agent reconciles the total of Securities to be Dematerialised (as specified in the message from Strate's System) with the certificate or document of title total received from the Participant. If the totals are different, the certificate or document of title is invalid and is rejected by the Issuer Agent.
- 6.2 The Issuer Agent validates the certificate or document of title in terms of any applicable legislation, including the Companies Act.
- 6.3 Any certificate or document of title that fails the validation carried out by the Issuer Agent is rejected as invalid and returned by the Issuer Agent to the Participant. The Issuer Agent prepares and submits to the Participant a rejection letter stating the specific reason for rejecting the certificate or document of title, and a rejection message to the Strate System to inform Strate that the certificate or document of title was rejected. The Issuer Agent reclaims the Dematerialisation receipt.

⁵ Section amended with effect from 11 July 2016



7 UNKNOWN-CERTIFICATED BALANCES (UCB)

- 7.1 The Issuer Agent must record in the Securities register the UCB certificates or documents of title details which are not in the Securities register, but which the Issuer Agent finds are acceptable and valid. The Issuer Agent must also reduce the old UCB accordingly.

8 DEMATERIALISATION

- 8.1 Where certificates or documents of title are accepted for Dematerialisation by the Issuer Agent, the Issuer Agent:
- 8.1.1 updates the Dematerialised balance in the Securities register;
 - 8.1.2 reflects the certificate or document of title in the Securities register as Dematerialised; and
 - 8.1.3 sends a message to the Strate System to confirm that the amount of Securities in question has been dematerialised.

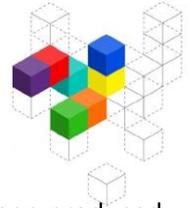
By accepting the certificates or documents of title for Dematerialisation and sending the message referred to in 8.1.3, the Issuer Agent confirms that it has complied with any applicable legislation, including the Companies Act.

- 8.2 On receipt of the Dematerialisation message from the Issuer Agent, the Strate System increases the Dematerialised balance for the relevant Participant, and updates the Participant's balance from "pending Dematerialisation" to "available".
- 8.3 The Strate System notifies the Participant that Dematerialisation of the certificates or documents of title has been completed (or partially completed).
- 8.4 The Participant updates the Securities Account of the relevant Client accordingly.⁶

9 REMATERIALISATION

- 9.1 A Participant must forward an instruction to Strate System detailing the Securities to be Rematerialised and the details of the name to be used for registration purposes.
- 9.2 In the case of Securities of a Foreign Incorporated Company whose Securities have been Immobilised and registered in the name of PLC Nominees, Participants must send a request to Strate to complete and sign a Securities transfer form transferring the Securities from PLC Nominees to the legal owner.
- 9.3 The Strate System records the Securities as pending and places a hold on the relevant number of Securities, and sends a message to the Issuer Agent.⁷
- 9.4 The Issuer Agent reduces the Dematerialised holding, creates a position for the legal owner in the Securities register and initiates the registration process.

⁶ Inserted with effect from 26 October 2015
⁷ Amended with effect from 26 October 2015



- 9.5 Once the registration process is complete and the certificate or document of title has been produced, the Issuer Agent confirms to the Strate System that the 'hold' is removed and the balance of the relevant Participant is reduced by the relative number of Securities.
- 9.6 The Strate System sends a confirmation to the Participant who then collects the new certificate or document of title.
- 9.7 The Issuer Agent must not mail the certificate or document of title to the Participant, but must ensure that the certificate or document of title is collected at its place of business, using the original message reference number as a means of identification.