

The logo for Strate, featuring the word "strate" in a lowercase, sans-serif font. The letter "e" is stylized with a horizontal line through its middle. To the right of the "e" are three horizontal lines of varying lengths, suggesting a bar chart or a stylized "E".

strate

South Africa's Central Securities Depository

PRACTICE NOTE OF STRATE PROPRIETARY LIMITED

Special Gazette No: S6-2016

**PRACTICE NOTE IN RESPECT OF VOTING FOR DOMESTIC LISTED
COMPANIES' MEETINGS - UNCERTIFICATED SECURITIES - EQUITIES**

Contents of this material are protected under South African copyright law. No part of this material may be copied, completely or partially, either electronically or manually, without the written consent of Strate (Pty) Ltd. This material remains the sole property of Strate (Pty) Ltd.

PRACTICE NOTE IN RESPECT OF VOTING FOR DOMESTIC LISTED COMPANIES' MEETINGS - UNCERTIFICATED SECURITIES - EQUITIES

Please note that the practice note has no statutory force. This practice note seeks to provide guidance to Issuers/Issuer Agents, Sponsors, Participants, Brokers and others in respect of meetings and record dates for South African domestic listed companies that have dematerialised (uncertificated) Securities. The practice note specifically deals with record dates, companies' Securities registers, and Shareholders rights at meetings, Participants' obligations, documentation and some duties of Issuers (companies) or Issuer Agents.¹

1. Record Date²

Regulation 37 (1) of the Companies Act, 2008 (Companies Act) provides: - 'If any Securities of a particular company are in uncertificated form, or otherwise subject to the rules of a Central Securities Depository, the company must set the record date in accordance with those rules.'

See further: Strate Rules 17.7 and 5.10. Strate Directive SC.5 - *Proxy Voting Procedure - Domestic Companies - Equities*.³

1.1 Record Date for notice of meetings 'Notice Record Date' - (This is the date used for the purpose of determining which Shareholders are entitled to receive notice of a Shareholders meeting)

1. Please note that there is a distinction between the Record Date for receipt of notice of a meeting (Notice Record Date) and the Record Date for the meeting (Meeting Record Date) (s59 Companies Act).
2. The Notice Record Date and Meeting Record Date must not fall on the same date.
3. To clarify any confusion with regards to the Record Dates, Strate recommends that where an Issuer chooses to set a Notice Record Date, such date must be aligned with the deadline for delivery of the notice of the meeting to Shareholders (s62 Companies Act).
4. If an Issuer requires a disclosure of the registered (see paragraph 3.1 below) and beneficial (see paragraph 3.2) uncertificated shareholders (Beneficial Download "BND"), it is preferable that the Notice Record Date fall on a Friday, or the last Business Day of the week. In following this recommendation there will be a BND available, on request, for the person presiding at the meeting to verify attendance, voting and participation eligibility without incurring the additional administration and costs of calling for an ad-hoc BND.⁴

1 Amended with effect from 22 August 2016

2 'Rules' and 'Directives' changed to 'Strate Rules' and 'Strate Directives' throughout the document with effect from 22 August 2016

3 Inserted with effect from 3 September 2012

4 Amended with effect from 23 November 2015

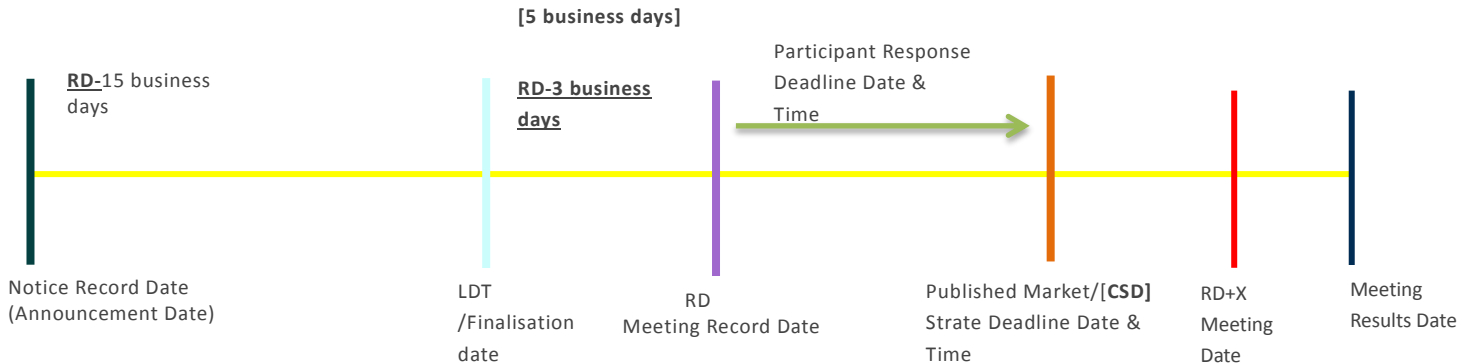
1.2 Record Date for meetings ‘Meeting Record Date’ - (This is the date used for the purpose of determining which Shareholders are entitled to participate in and vote at a Shareholders meeting.)

1. Strate recommends that Issuers must ensure that a Meeting Record Date is published. Where an Issuer does not publish a Meeting Record Date, the Meeting Record Date shall be deemed to be 3 (three) Business Days prior to the meeting, as stipulated by Strate Directive (Strate Directive SC.5 - *Proxy Voting Procedure - Domestic Companies - Equities*).⁵

The meeting should be held at least 3 business days and no more than 10 business days after the Meeting Record Date. (Example - If the Meeting Record Date is on a Friday, the meeting should be held no earlier than the following Wednesday). (See Strate Directive SC.5 - *Proxy Voting Procedure - Domestic Companies - Equities*).⁶

2. Wherever possible, Strate recommends that the Meeting Record Date falls on a Friday, or the last Business Day of the week. In following this recommendation, there will be a BND available, on request, for the person presiding at the meeting to verify attendance, voting and participation eligibility without incurring the additional administration and costs of calling for an ad-hoc BND.⁷

1.3 Illustration of Timelines



5 Amended with effect from 23 November 2015
 6 Amended with effect from 23 November 2015
 7 Amended with effect from 23 November 2015

2. Company Securities Register⁸

The Securities Register ('register') of a company, as at the date of the Shareholders meeting, will be made up of the following:

- 2.1 The certificated portion of the register for certificated Securities (*NB. This practice note deals only with uncertificated Securities*); and
- 2.2 The Uncertificated Securities Register which is the portion of the register for uncertificated Securities. This register may consist of the SDA Register (for the Segregated Depository Accounts (SDAs)), and each Participant's Subregister. The Subregister can include Own Name Clients, the Participant's Nominees, Broker's Nominees and other Nominees approved in accordance with the Financial Markets Act, 2012. The Uncertificated Securities Register will be provided as a BND as at the Meeting Record Date (see paragraph 1.2 above).

3. Shareholder Rights at Shareholders meetings⁹

3.1 Registered Shareholders

Own Name Clients, Clients that hold SDAs and any other persons whose names appear on the Uncertificated Securities Register are "registered Shareholders". They have the right to attend, participate and vote at Shareholders meetings without any further documentation or authority from their service providers or custodians (such as Participants, Brokers, or Nominees).

3.2 Beneficial Holders

Section 57 (1) of the Companies Act defines a beneficial holder as a Shareholder for the purpose of Shareholders meetings. As a matter of law, beneficial holders have the right to attend, participate and vote at Shareholders meetings, in their own right, so long as the person presiding at the meeting is reasonably satisfied as to that person's right to attend, participate and vote at the meeting as a 'shareholder' as defined in the Companies Act (including as a beneficial holder as per s 57(1) definition) or as a proxy (s 63(1)).

At a Shareholders meeting, a beneficial holder can be identified if the person's name is on the BND, or if the person holds a letter of representation or other necessary documentation from the registered holder of the relevant Securities.

⁸ Section 2 inserted with effect from 23 November 2015
⁹ Section 3 inserted with effect from 23 November 2015

4. Participants Obligations at Shareholders meetings¹⁰

In terms of clause 2.3 of Directive SC.5 - *Proxy Voting Procedure - Domestic Companies - Equities*, Participants must facilitate their Client's rights to attend, participate and vote at Shareholders meetings.

4.1. For Registered Shareholders:

Where Own Name Clients, Clients that hold SDAs and any other persons whose names appear on the Uncertificated Securities Register (registered Shareholders) utilise the proxy services of their Participants, Participants must ensure that the necessary documents are completed in the name of the registered Shareholder (as it appears in the Uncertificated Securities Register provided in the BND).

4.2. For Beneficial Holders/Shareholders in Nominees:

4.2.1 In terms of Directive SC.5 - *Proxy Voting Procedure - Domestic Companies - Equities*, where Clients, on whose behalf a Participant holds Securities through the Participant's Nominee, *submit voting instructions* to the Participant, the Participant must:

1. collate all the voting instructions. Voting instructions must be retained in the same way and for the same period as any other instructions received from a Client.
2. ensure that the proxy form is correctly completed in the name of the registered Shareholder (check the Uncertificated Securities Register reflected in the BND). The consolidated voting instruction must contain the number of Securities for which voting instructions have been received in each way per resolution.

4.2.2 Where Clients, on whose behalf a Participant holds Securities through the Participant's Nominee, request the Participant to *facilitate their attendance at a Shareholders meeting in person*, the Participant must complete letters of representation, or other necessary documentation (to facilitate the Clients' attendance), in the name of the registered Shareholder (check the Uncertificated Securities Register reflected in the BND).

4.2.3 Where Clients hold Securities through Nominees, other than Participants' Nominees (i.e. FSB approved Nominees or Brokers' Nominees), and the Participants provide proxy services to such Clients or Nominees, Participants must ensure that the necessary documents are completed in the name of the registered Shareholder (check the Uncertificated Securities Register reflected in the BND).

Note that where documentation is signed under an authorising instrument such as a power of attorney, Participants must ensure that the registered Shareholder is clearly identifiable and that a copy of the authorising instrument is attached, including, where applicable, a list of the authorised signatories.

¹⁰ Section 4 inserted with effect from 23 November 2015

5. Issuer or Issuer Agents¹¹

- 5.1 Issuers must ensure that the wording on the circular in respect of Securities listed on an Exchange, or any other notice in respect of Unlisted Securities, states that any beneficial holder who has dematerialised its Securities through a Participant or Broker, (other than those in Own Name or in SDAs), may provide the Participant or Broker with its voting instructions.
- 5.2 Alternatively, a beneficial holder may request the relevant Participant or Broker to provide it with a letter of representation or other necessary documentation should the beneficial holder wish to attend the meeting in person.
- 5.3 Where required, Issuers must distribute circulars, notices or any other relevant documentation to all dematerialised Shareholders and beneficial holders who have indicated their desire to receive such documentation. Please note that these Shareholders and beneficial holders are identified by means of a "Y" report indicator on the most recent BND received by the Issuer or Issuer Agent from Strate.

For enquiries on BND related issues, please contact strate-issuerservices@strate.co.za

For all other enquiries related to this practice note please contact corporateactions@strate.co.za

¹¹ Section 5 inserted with effect from 23 November 2015