Directive of Strate (Pty) Ltd

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Strate Directive SB.1

Procedure for Dematerialisation and Rematerialisation of Securities

strate

To provide for the process that participants, and issuers/issuer agents must follow for an orderly and regulated dematerialisation/immobilisation and rematerialisation process; to provide for a CSD-to-CSD removals process

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1. Interpretation and Definitions

This Strate Directive should be read in conjunction with Strate Directive SZ.1 - *Interpretation and Definitions.*

2. Dematerialisation Initiated by the Client for Equities

If a Client initiates the Dematerialisation of equities held by that Client, then the following process will apply:

2.1 Participant Procedures

2.1.1 A Client submits a certificate or document of title to a Participant for the purposes of Dematerialisation.

2.1.2 A Participant must initiate the Dematerialisation process by preparing and sending a Dematerialisation initiation message to the Strate System to inform Strate that a certificate or document of title has been submitted to the Issuer and/or Issuer Agent for Dematerialisation. The Dematerialisation initiation message must contain the details of the certificate or document of title.

2.1.3 The Participant must indicate on the certificate or document of title received from the Client that it is submitted for Dematerialisation.

2.1.4 The Participant may allocate a Dematerialisation reference number to the certificate or document of title. The reference number must be the same reference number as that used on the Dematerialisation initiation message to Strate from the Participant, and must:

2.1.4.1 be alphanumeric, a maximum of 30 characters, and derived from the SWIFT standard; and

2.1.4.2 be unique per Dematerialisation transaction (no cycles per day/week/month may be used).

2.1.5 The Participant must deliver the certificate or document of title to the Issuer and/or Issuer Agent.

2.1.6 In the case of Securities issued by a Foreign Incorporated Company 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 and/or Issuer Agent.

2.2 Strate Procedures

2.2.1 On receipt of the Dematerialisation initiation message from the Participant, the Strate System:

2.2.1.1 creates a pending Dematerialisation balance for that Participant;

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2.2.1.2 generates and sends a Dematerialisation request to the Issuer and/or Issuer Agent, containing details of the certificate or document of title to be Dematerialised. This notification informs the Issuer and/or Issuer Agent that it can expect a certificate or document of title from a particular Participant.

2.3 Issuer/Issuer Agent Procedures

2.3.1 The Issuer or Issuer Agent must receive both the certificate or document of title and the Dematerialisation request message from the Participant before the Dematerialisation process can continue, notwithstanding any time delay between receiving either the Strate System's Dematerialisation request message or the certificate or document of title.

2.3.2 On receipt of the certificate or document of title, the Issuer and/or Issuer Agent must issue a receipt to the Participant.

2.3.3 The Issuer and/or Issuer Agent must, once it has received both the certificate or document of title and the Strate System's Dematerialisation request message, process the Dematerialisation request within 24 (twenty-four) hours.

2.3.4 Securities reconciliation between Strate and the Issuer and/or Issuer Agent must be done daily as part of the EOD processing. The Issuer and/or Issuer Agent must send the Statement of Holdings message to Strate before start of EOD.

2.3.5 The Issuer and/or Issuer Agent:

2.3.5.1 may conduct a confirmation of Dematerialisation orders for Same Day Settlement up until the Statement of Holdings processing at 18h00; and

2.3.5.2 must complete a confirmation of Dematerialisation order within a maximum period of 24 (twenty-four) hours.

2.3.6 A Dematerialisation order received without a certificate must be rejected by the Issuer and/or Issuer Agent within 24 (twenty-four) hours of receipt of the order.

Validation of Certificates and Documents of Title

2.3.7 The Issuer and/or Issuer Agent must reconcile the total of Securities to be Dematerialised (as specified in the Dematerialisation request message from Strate's System) with the certificate or document of title total received from the Participant. If the totals are different, the Dematerialisation order must be rejected as invalid.

2.3.8 The Issuer and/or Issuer Agent must validate the certificate or document of title in terms of any applicable legislation, including the Companies Act. Any certificate or document of title that fails the validation carried out by the Issuer and/or Issuer Agent must be rejected as invalid.

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2.3.9 If the Dematerialisation order is rejected in terms of sections 2.3.7 or 2.3.8, the Issuer and/or Issuer Agent must submit to the Participant, together with the certificate or document of title, 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 and/or Issuer Agent must reclaim the Dematerialisation receipt from the Participant.

Unknown-Certificated Balance (UCB)

2.3.10 The Issuer and/or 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 and/or Issuer Agent finds are acceptable and valid. The Issuer and/or Issuer Agent must also reduce the old UCB accordingly.

2.4 Dematerialisation

2.4.1 Where certificates or documents of title are accepted for Dematerialisation by the Issuer Agent, the Issuer and/or Issuer Agent must:

2.4.1.1 update the Dematerialised balance in the Securities register;

2.4.1.2 reflect the certificate or document of title in the Securities register as Dematerialised; and

2.4.1.3 send a Dematerialisation confirmation message to the Strate System to confirm that the amount of Securities in question has been Dematerialised.

2.4.2 By accepting the certificates or documents of title for Dematerialisation and sending the Dematerialisation confirmation message referred to in 2.4.1.3, the Issuer and/or Issuer Agent warrants to Strate and the Participant that it has complied with any applicable legislation, including the Companies Act.

2.4.3 On receipt of the Dematerialisation confirmation message from the Issuer and/or Issuer Agent, the Strate System increases the Dematerialised balance for the relevant Participant and updates the Participant's balance from "pending Dematerialisation" to "available".

2.4.4 The Strate System notifies the Participant that Dematerialisation of the certificates or documents of title has been completed (or partially completed).

2.4.5 The Participant must update the Securities Account or Segregated Depository Account of the relevant Client accordingly.

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3. Dematerialisation Initiated by the Issuer for Equities

If an Issuer initiates the Dematerialisation of the equities issued by that Issuer, then the following process will apply:

3.1 Validation of Certificates, Documents of Title and Records of Ownership

3.1.1 The Issuer and/or Issuer Agent must reconcile and validate the Securities to be Dematerialised with the certificate or document of title that it has, in terms of any applicable legislation, including the Companies Act.

3.1.2 The Issuer and/or Issuer Agent must submit a Dematerialisation instruction with the relevant details of a certificate or document of title to the Issuer's preferred Participant for the purposes of Dematerialisation. By giving a Dematerialisation instruction to the Participant, the Issuer and/or Issuer Agent warrants to Strate and the Participant that:

3.1.2.1 it has complied with any applicable legislation, including the Companies Act; and

3.1.2.2 the details of such certificate or document of title are valid, correct and accurate.

3.1.3 The Participant:

3.1.3.1 must prepare and send a Dematerialisation initiation message to the Strate System to inform Strate that a Dematerialisation instruction has been received from the Issuer and/or Issuer Agent. The Dematerialisation initiation message must contain the relevant details of the certificate or document of title as received from the Issuer and/or Issuer Agent;

3.1.3.2 may allocate a Dematerialisation reference number to the Issuer and/or Issuer Agent's Dematerialisation instruction. The reference number must be the same reference number as that used on the Dematerialisation initiation message to Strate from the Participant, and must:

3.1.3.2.1 be alphanumeric, a maximum of 30 characters, and derived from the SWIFT standard; and

3.1.3.2.2 be unique per Dematerialisation transaction (no cycles per day/week/month may be used).

3.1.4 In the case of Securities issued by a Foreign Incorporated Company 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.

3.1.5 On receipt of the Dematerialisation initiation message from the Participant, the Strate System:

3.1.5.1 creates a pending Dematerialisation balance for that Participant; and

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3.1.5.2 generates and sends to the Issuer and/or Issuer Agent, a Dematerialisation request message, containing details of the certificate or document of title to be Dematerialised.

3.1.6 The Issuer and/or Issuer Agent must reconcile the total of Securities to be Dematerialised (as specified in the Dematerialisation request message from Strate's System) with the certificate or document of title total received from the Participant. If the totals are different, the Dematerialisation order must be rejected as invalid.

3.1.7 If the Dematerialisation order is rejected in terms of section 3.1.6, the Issuer and/or Issuer Agent must submit to the Participant, together with the certificate or document of title, 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 and/or Issuer Agent must reclaim the Dematerialisation receipt from the Participant.

3.1.8 Securities reconciliation between Strate and the Issuer and/or Issuer Agent must be conducted daily as part of the EOD processing. The Issuer and/or Issuer Agent must send the Statement of Holdings message to Strate before the start of EOD.

3.1.9 The Issuer and/or Issuer Agent:

3.1.9.1 may conduct a confirmation of Dematerialisation orders for Same Day Settlement up until the Statement of Holdings processing at 18h00; and

3.1.9.2 must complete a confirmation of Dematerialisation orders within a maximum period of 24 (twenty-four) hours.

3.2 Unknown-Certificated Balance (UCB)

3.2.1 The Issuer and/or 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.

3.3 Dematerialisation

3.3.1 On receipt of a Dematerialisation request message from Strate, the Issuer and/or Issuer Agent must:

3.3.1.1 update the Dematerialised balance in the Securities register;

3.3.1.2 reflect the certificate or document of title in the Securities register as Dematerialised; and

3.3.1.3 send a Dematerialisation confirmation message to the Strate System to confirm that the amount of Securities in question has been dematerialised. By sending a Dematerialisation confirmation message to Strate in terms of this paragraph 4.9.3, the Issuer Agent warrants to Strate and the Participant that it has complied with any applicable legislation, including the Companies Act.

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3.3.2 On receipt of the Dematerialisation confirmation 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".

3.3.3 The Strate System notifies the Participant that Dematerialisation of the certificates or documents of title has been completed (or partially completed).

3.3.4 The Participant must update the Securities Account(s) or Segregated Depository Account(s) of the relevant Client(s) accordingly, or such Securities Account(s) or Segregated Depository Account(s) that the Issuer and/or Issuer Agent may have designated for Dematerialisation purposes.

4. Rematerialisation of Equities

4.1 If a Client initiates the Rematerialisation of equities held by that Client in order to obtain a certificate or document of title in respect of all or part of those Securities, then the following process will apply:

4.2 A Participant must forward a Rematerialisation instruction to the Strate System detailing the Securities to be Rematerialised and the details of the name of the Client or the relevant person to be used for registration purposes.

4.3 In the case Securities issued by a Foreign Incorporated Company whose Securities have been Immobilised and registered in the name of PLC Nominees, a Participant must send a request to Strate to complete and sign a Securities transfer form transferring the Securities from PLC Nominees to the legal owner.

4.4 The Strate System records the Securities as pending and places a hold on the relevant number of Securities and sends a Rematerialisation receipt message to the Issuer and/or Issuer Agent.

4.5 The Issuer and/or Issuer Agent must:

4.5.1 reduce the Dematerialised holding;

4.5.2 create a position for the Client or the relevant person in the Securities register; and

4.5.3 initiate the registration process.

4.6 Once the registration process is complete and the certificate or document of title has been produced, the Issuer and/or Issuer Agent must send a Rematerialisation confirmation message to confirm to the Strate System that the "hold" is removed and the balance of the Uncertificated Securities of the relevant Participant is reduced by the relevant number of Securities. By making a confirmation into the Strate System in terms of this section 4.6, the Issuer and/or Issuer Agent warrants to Strate and the Participant that:

4.6.1 it has complied with any applicable legislation, including the Companies Act;

4.6.2 it has recorded in the Issuer's Securities register the reduction of the Securities held in Strate in that class of Securities by the number of the Rematerialised Securities;

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4.6.3 it has issued a certificate or document of title in the name of the Client or the relevant person in whose name the Rematerialised Securities have been registered in the Issuer's Securities register; and

4.6.4 the number and type of securities represented in the certificate or document of title that it has issued corresponds exactly to the number and type of Uncertificated Securities that have been withdrawn from the Strate System.

4.7 Securities reconciliation between Strate and the Issuer and/or Issuer Agent must be conducted daily as part of the EOD processing. The Issuer and/or Issuer Agent must send the Statement of Holdings message to Strate before the start of EOD.

4.8 The Issuer and/or Issuer Agent:

4.8.1 may conduct a confirmation of Rematerialisation orders for Same Day Settlement up until the Statement of Holdings processing at 18h00; and

4.8.2 must complete a confirmation of Rematerialisation orders within a maximum period of 24 (twenty-four) hours.

4.9 The Strate System sends a Rematerialisation confirmation to the Participant who then collects the new certificate or document of title from the Issuer and/or Issuer Agent.

4.10 The Issuer and/or Issuer Agent must ensure safe and secure delivery of the certificate or document of title to the Participant, using the original message reference number as a means of identification.

5. Dematerialisation initiated by the Client for Bonds

If a Client initiates the Dematerialisation of a bond held by that Client, then the following process will apply:

5.1 The Client submits a certificate or document of title to a Participant for the purposes of Dematerialisation in the Uncertificated Securities Register held by Strate.

5.2 The Participant must inform the Issuer or Issuer Agent about the Client's Dematerialisation request. The Participant must also deliver the certificate and document of title to the Issuer Agent, who must issue a receipt to the Participant.

5.3 The Issuer Agent must verify the details of the certificate or document of title, and if satisfied, instruct Strate to make an Entry into the Issuer's Central Securities Account, in order to record the nominal value and class of Securities as Uncertificated Securities Deposited in Strate. By instructing Strate to make an Entry in terms of this paragraph 5.3, the Issuer Agent warrants to Strate and the Participant that it has:

5.3.1 complied with any applicable legislation;

5.3.2 recorded in the Issuer's Securities register the increase of the holdings in Strate in that class of Securities by the nominal value of Securities Deposited; and

5.3.3 cancelled the certificate or document of title received from the Participant.

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5.4. Through the "Deliver Free of Payment" (DFP) and "Receive Free of Payment" (RFP) Settlement mechanisms:

5.4.1 the Issuer's Participant must Transfer the Dematerialised Securities from the Issuer's Central Securities Account; and

5.4.2 the Client's Participant must allocate such Securities into the relevant Client's Central Securities Account.

6. Dematerialisation initiated by the Issuer for Bonds

If an Issuer initiates the Dematerialisation of a bond issued by that Issuer, then the following process will apply:

6.1 The Issuer Agent must reconcile and validate the total of Securities to be Dematerialised with the certificate, document of title or record of ownership that it has, in terms of any applicable legislation.

6.2 The Issuer Agent submits a Dematerialisation instruction with the relevant details of a certificate, document of title or record of ownership to its preferred Participant for the purposes of Dematerialisation in the Uncertificated Securities Register held by Strate. By submitting a Dematerialisation instruction to the Participant in terms of this paragraph 6.2, the Issuer Agent warrants to Strate and the Participant that:

6.2.1 it has complied with any applicable legislation; and

6.2.2 the detail of such certificate, document of title or record of ownership is valid, correct and accurate.

6.3 The Issuer Agent instructs Strate to make an Entry into the Issuer's Central Securities Account, in order to record the nominal value and class of Securities as Uncertificated Securities Deposited in Strate. By instructing Strate to make an Entry in terms of this paragraph 6.3, the Issuer Agent warrants to Strate and the Participant that it has:

6.3.1 complied with any applicable legislation;

6.3.2 recorded in the Issuer's Securities register the increase of the holdings in Strate in that class of Securities by the nominal value of Securities Deposited; and

6.3.3 cancelled the certificate, document of title or record of ownership that it has.

6.4 Through the "Receive Free of Payment" (RFP) Settlement mechanisms:

6.4.1 the Issuer's Participant must Transfer the Dematerialised Securities from the Issuer's Central Securities Account; and

6.4.2 the Client's Participant must allocate such Securities into the Central Securities Account(s) of the relevant Client(s), or where applicable, the Issuer's Participant must allocate such Securities into a Central Securities Account(s) that the Issuer or Issuer Agent may have designated for Dematerialisation purposes.

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7. Rematerialisation of Bonds

If a Client initiates the Rematerialisation of a bond held by that Client in order to obtain a certificate or document of title in respect of all or part of those Securities, then the following process will apply:

7.1 The Client must request the relevant Participant to facilitate the removal of the Securities from the Uncertificated Securities Register.

7.2 The Participant must:

7.2.1 inform the relevant Issuer or Issuer Agent of the Client's Rematerialisation request; and

7.2.2 Transfer the Securities to be Rematerialised from the Client's Central Securities Account to the relevant Issuer's Central Securities Accounts using a "Deliver Free of Payment" (DFP) Settlement mechanism.

7.3 The Issuer Agent must:

7.3.1 reduce the amount on issue in the Issuer's Uncertificated Securities Register for the particular Security by the Rematerialised amount; and

7.3.2 prepare and deliver to the relevant Participant, a certificate or written instrument in respect of the Rematerialised bond. 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.

7.4 By reducing the amount in issue in terms of paragraph 7.3.1, or Issuer Agent warrants to Strate and the Participant that it has:

7.4.1 complied with any applicable legislation;

7.4.2 recorded in the Issuer's Securities register the reduction of the Securities held in Strate in that class of Securities by the nominal value of the Rematerialised bond; and

7.4.3 issued a certificate or document of title in the name of the Client or the relevant person in whose name the Rematerialised Securities must be registered in the Issuer's Securities register.

8. Removal of Securities Via CSD-to-CSD Link

If a Client initiates a removal transaction of Securities held by that Client to or from a foreign jurisdiction, the following process applies:

8.1 Transaction reporting

8.1.1 The Client must instruct its Participant to facilitate the removal of the Securities on behalf of the Client.

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8.1.2 A removal instruction is only permitted if there is no change in beneficial ownership.

8.1.3 The Participant must ensure that the Client has sufficient Securities in its Securities Account to effect the removal.

8.1.4 The Participant must report the removal of the Securities to Strate between 03h00 and 18h00.

8.1.5 A removal of a Security to South Africa must be reported as an RFP transaction.

8.1.6 A removal of a Security from South Africa must be reported as a DFP transaction

8.2 Settlement

8.2.1 Strate will automatically Settle the Securities upon receipt of matching instructions from the Participant and the Client's foreign custodian through the offshore CSD.

8.2.2 The matching criteria between Strate and the offshore CSD are:

8.2.2.1 ISIN

8.2.2.2 Issuer CSD

8.2.2.3 Stamp Duty Reserve Tax (SDRT): Not applicable

8.2.2.4 Strate account number with offshore CSD

8.2.2.5 Place of Settlement (PSET)

8.2.3 Upon receipt of a Settlement confirmation message from Strate, a Participant must credit or debit the Client's Securities Account accordingly.

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