



SASF ANNUAL GENERAL MEETING

TO BE HELD ON THURSDAY 13th MAY 2021

AT 11H00

VIA MICROSOFT TEAMS

Please follow the link in the calendar invite



WELCOME

ATTENDANCE

APOLOGIES



ADOPT AGENDA



SOUTH AFRICAN SECURITISATION FORUM

FOURTEENTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 13 MAY 2021

AT 11H00

VIA MICROSOFT TEAMS.

Please follow the link in the calendar invite

AGENDA

1. Welcome and Apologies
2. Adopt agenda
3. Confirmation of acceptance of paper based Annual General Meeting held on 14 May 2020
4. Presentation and adoption of Chairman's Annual Report for 2021
5. Presentation and adoption of Financial Report for 2021
6. Budget for 2022
7. Membership Fees – 1 March 2021 to 28 February 2022
8. Reports from sub-committees
 - 8.1 Legal & Regulatory - Hendrik Ackermann
 - 8.2 Communication & Education/Investors - David Towers
 - 8.3 Membership - Nicholas Gunning
9. Announcement of Office Bearers for 2021/2022
10. General



**CONFIRMATION OF ACCEPTANCE OF PAPER
BASED ANNUAL GENERAL MEETING HELD ON
14 MAY 2020**



PRESENTATION AND ADOPTION OF CHAIRMAN'S ANNUAL REPORT FOR 2021

Chairperson's Report to the Annual General Meeting 13 May 2021



SOUTH AFRICAN
SECURITISATION FORUM

1. Introduction

- a. On behalf of the Exco and the other Forum members I would like to welcome everyone to our 14th Annual General Meeting (“AGM”). This is the final year that I will be hosting the AGM as Chairperson of the Exco. I thank the Forum members for the privilege to have chaired the Forum and for all the support I received over the past three years.
- b. First, I would like to, on behalf of the Forum, extend our best wishes to everyone and their families affected by COVID-19. The COVID-19 pandemic has changed almost every aspect of our daily lives, and certainly did not spare the financial services world, including securitisation. Worldwide issuance of ABS for 2020 was down 19% from 2019. Unlike the financial crisis of 2008, where various defaulting securities exposed weaknesses in the securitisation market, the securitisation market seemed to hold up well. However, we did see governments around the world pour substantial amounts of liquidity into the market so it may still be a bit too early to tell the full impact internationally. Nevertheless, as we reflect on 2020, the resilience of the securitisation market was noticeable. It was pleasing to see confidence re-emerge with deal flow bouncing back in the later part of the year, particularly on the international front.
- c. Having listened to the members of the Forum, we have been mindful of the need for the Forum to play a more pro-active role, to take action, to be more involved and to be a voice for the industry. I believe that the Forum, despite being subject to the pandemic, has actively made a difference in this regard when one takes into account the actions taken concerning the changes to the debt listing requirements, the very early engagements with the SARB, some education initiatives including the engagements with the Social and Ethics Tribunal as well as the continuous representation of members at conferences.
- d. At every AGM we take the opportunity to report back to the stakeholders on the activities of the Forum during the year, to discuss the developments and challenges in the industry and achievements made by the Forum over this period. As well as a few insights into the future potential for securitisation.
- e. We are also required to elect the office bearers of the Forum for the following year and to welcome our new Chairperson.
- f. Furthermore, we will also report back on our financial position.

2. Despite the lockdown and other changes brought about by COVID-19 last year, the Forum remained active over the past year. The Forum continued to engage in key areas of the industry and its sub-committees have had regular meetings during the year to discuss the various important issues facing the industry.
 - a. The sub-committees of the Forum reduced from four sub-committees to three in 2019. The Tax and Accounting sub-committee appeared to be more of an education committee and thus has joined the Education and Communication sub-committee. In the event that the Forum requires tax and accounting lobbying, the Tax and Accounting sub-committee may be revived. The three sub-committees are -
 - i. Legal and Regulatory
 - ii. Education and Communication
 - iii. Membership
 - b. The Treasurer and Chairpersons of the sub-committees will provide you with their own reports of the activities of these committees over the course of the past year with more detail in their fields than covered in this report.
 - c. I will proceed to attempt to highlight and summarise some of the major events in the last year as they pertain to or influence our industry.

3. Global and Domestic Conditions

- a. The Global outlook sees a projection of a stronger recovery than expected, largely because of the fiscal stimulus and the prospects of a broader roll out of vaccinations. The recovery paths have, however, been different across countries as well as across sectors.
- b. China has largely completed its recovery, returning to pre-pandemic growth levels ahead of all large economies. The concern remains the gap between advanced economies and emerging markets. It is estimated that 90 million people have fallen below the extreme poverty threshold since the pandemic started.
- c. Differences in vaccination rates are driving the divergence in growth projections. The easing of restrictions and the resumption of production, trade and travel all hinge on the rate of vaccination. Whilst good progress is being achieved in many countries, the slow progress in developing countries threatens to hinder their recovery and can also aggravate the global risk of virus mutation.
- d. The South African economy, although continuing to struggle, is doing better than expected. The pandemic has destroyed the lives and livelihoods of many South Africans, with the economy shrinking by about 7% last year. Despite this, some

sectors and consumer spending was not as distressed as was feared. Consumers appear to have steered the crisis much better than had been anticipated.

- e. The tourism and hospitality sectors were hardest hit and continue to struggle, whilst mining profits surged. Due to good rains and abundant crops, the agricultural sector had one of the best years ever. South Africa set an export record last year, due to the strong demand for gold and other commodities as well as the bumper export crops. This may have cushioned the impact of the pandemic.
- f. In addition the steep cuts in interest rates provided many households with extra money to spend, thus helping consumer spending. The interest rate being at a 55 year low has resulted in more first time home buyers entering the market. It is also estimated that household savings increased in 2020 as expenses dropped by a greater percentage than income.
- g. Although the short-term recovery is better than expected, continued waves of infections and long-term constraints (such as load shedding) will slow the pace of recovery.
- h. Last year also saw Moody's downgrade the country's debt to "junk" status with a negative outlook. It cited the country's ballooning debt servicing costs and high civil servants wage bill as some of the reasons behind the downgrade. This month would have seen a Moody's review of the SA sovereign rating but it announced that it would skip the review and has not given an indication as to when a further announcement can be expected.

4. Global and European Securitisation Industry

- a. Worldwide, 2020 saw a significant decline in securitisation issuance. The pandemic played a significant role as people moved from work into lockdown and needed to adapt to the new way of working, or alternatively could not work at all in certain industries. One would also imagine that some of the regulatory changes and world events such as Brexit also contributed to the slow down.
- b. In the US, the issuance volumes across all classes of asset backed securities were down, except that of agency RMBS which nearly doubled that of 2019 and was the highest ever achieved in history. The reasons for this were the low mortgage rates and secondly the extensive use of technology in mortgage origination and documentation which led to far faster and simpler turnaround times for borrowers. According to statistics prepared by Sifma, ABS issuance for the first quarter of 2021 is significantly up at \$22,650,2 million.

- c. In Europe, 2020 was a year with the smallest amounts of distributed issuance since 2016 with no refinancing taking place. 2021 has begun with a bang in the European securitisation markets with the highest post-global financial crisis issuance. Total issuance in Q1 2021 was EUR 64,3 billion vs Eur38,8 billion in Q1 2020. The main reason for the surge has been an increase in European CLOs with a large number of new transactions as well as the refinancing of many transactions.
- d. Australian securitisation issuance was also down in 2020. RMBS was down 26% to AUS\$26 billion and ABS was also down by 27% to AUS\$5,1 billion. 2020 saw new primary issuance by non bank lenders at 77% of total market issuance volumes. However, 2021 has already achieved record values and pricing due to the market having been starved of new supply in 2020.

5. Local Conditions

- a. Despite the pandemic, securitisation issuance in South Africa remained largely uneventful with mainly refinancing of transactions taking place. The ABCP market did see an increase to above R10 billion and also had the benefit of tighter spreads due to oversubscription for the paper, albeit in a much smaller market than a number of years ago.
- b. The impact of COVID-19 did see the deterioration of the performance of certain of the underlying portfolios due to the requests for payment holidays etc. Several originators did opt to repurchase non-performing loans from the portfolios to manage NPL and Arrear triggers on revolving structures. This has also led to some originators negotiating to amend trigger levels. However, the consensus view is that structures in South Africa are robust and are able to navigate market disruptions well.
- c. Notwithstanding the robustness of the local securitisation market, it remains subdued and underutilised compared to international markets.

6. Legal and Regulatory Developments

- a. The legal and regulatory developments in the South African market are dealt with in the legal and regulatory report prepared by the chairperson of that sub-committee. I will thus not discuss this in detail, save to say that it has been a disappointing year in terms of developments pertaining to the securitisation framework regarding capital treatment and the STC framework, as well as the continued uncertainty relating to the Exemption Notice and the CP Regulations.

- b. The new Debt Listing Requirements came into effect on 30 September 2020, having a minimal impact on securitisation transactions. Well done to the legal and regulatory subcommittee and to the members of the Forum who participated in presentations and submissions to the JSE to achieve this.
- c. The development of new exchanges entering the market also appears to have been drastically slowed down or even brought to a halt in this preceding year.

7. Exco changes and other matters impacting the Forum

- a. There was only one change in the Exco during the period 2020/2021 as follows:
D Eraman (RMB) – Resigned 01 May 2020
C Gough (RMB) – Appointed on 01 May 2020.

After the year end we have had an additional appointment –
P Van Welzen (CMS RM Partners) – Appointed 01 March 2021.

- b. Membership in the Forum remains good. As at year end we had 32 members. I am also pleased to report that all membership fees for the period 2020/2021 were paid. We thank all members for their support. Mosaic Financial Solutions (Pty) Limited resigned during the year, and Grobank Limited became a member. CMS EM Partners joined us after year end on 1 March 2021.

8. Other matters

- a. In the past year, the Forum had intended on hosting an event to showcase securitisation to the various participants and regulators in the market. Due to the lock down this was put on hold, however, the Forum did manage to do a presentation to the Economic and Research team at the SARB. Thank you to the team that prepared the presentation and engaged with the SARB. The Economic and Research team reciprocated by extending an invitation to the members of the Forum to attend the SARB's monetary review presentations.
- b. Members of the Education Sub-committee also presented on securitisation structures to the Social and Ethics Tribunal.
- c. Work continues on the broadening of the Forum's mandate beyond pure securitisation.

9. Concluding Remarks

- a. 2020 was indeed a unique year that changed life as we know it. The pandemic, although harsh, was the panacea that mobilised change creating a new normal. What we must ensure is that this results in a better normal than what we were accustomed to in the rat race of traffic and other unpleasantities that came with the busyness of

life. Great progress was made during the year whilst ramping up technological capabilities and having people working from home. Going forward it is believed that there will be the shift in the way we work towards a more distributed hybrid workplace. It is hoped that we will come out of this disruption with a positive outlook on the way we work allowing for flexibility and an agile mindset.

- b. This change has awakened the possibilities of being able to achieve true automation and digitalisation whilst moving towards Cloud based technology. The reality of securitisation has always been about data and lots of it. This new awakening may well speed up the capturing, processing and storing of data which can only be good for the future of securitisation.
- c. It is thus vital that we as a Forum are pro-active and lobby our stakeholders for positive change, as securitisation has the capability of delivering significant funding solutions which could help build the South African economy.
- d. In conclusion I thank everyone for their suggestions and commitment to continue to revive the Forum. I invite all participants at this AGM to once again fully engage with sincerity and honesty. Our purpose is to hear the needs of you the representatives of the securitisation industry and to serve you with our best endeavours.
- e. Finally, I want to personally thank all the members of the Exco for their call to action, their adaptability and change during the pandemic. A special word of thanks goes to the Deputy Chair and the Chairs of the various sub-committees to their commitment to the Forum. I also want to thank the Treasurer and the Webmaster for the important functions that they fulfil. My sincere thanks goes to Pat for her energy, drive, organisation and dedication to ensuring that the Forum runs smoothly and maintains a high level of governance. Please also join me in congratulating my successor to the role of Chairperson. I know we will all offer our full support to him so that the Forum can continue to be an active participant in bringing about positive change to the market and to the economy as a whole.

Thank you.

Evelyn Deiner
Chairperson, South African Securitisation Forum
13 May 2021



PRESENTATION AND ADOPTION OF FINANCIAL REPORT FOR 2021 AND BUDGET FOR 2022

SASF AGM - 13 May 2021

TREASURER'S REPORT- AGM

Financial statements for year ended 28 February 2021

- The Annual Financial Statements have been drafted by Nolands.

Financials and cash position for the 2020/2021 year

- Refer to cash flow statement for budgeted versus actual results for the 12-month period from 1 March 2020 to 28 February 2021.
- Cash position remains positive as at 28 February 2021.

Membership fees

- The membership fee for the year ended February 2021 was set at R15, 000 and has remained at the same level since 2014/15.
- Actual members (32) which is in line with what was initially budgeted (32). Refer to the membership report. The following is noted:
 - As at 28 February, R 491,250 has been received from members.
 - Total fees invoiced in respect of 2020/2021 membership fees was R 476 250 (pro rata rates for Grobank of R11,250) for 32 members. Mosaic resigned in June 2020.
- As at 28 February 2021 30 members had paid R446 250.
- Outstanding fees are R30 000 and have been settled during March and April.

Budget for 2021/2022 year

- Refer to table 2 *Cash flow statement – actual for FY 2021 compared to budget for FY 2022* for assumptions used in setting the FY 2022 budget.
- FY 2022 budget to be approved at the AGM.



**SOUTH AFRICAN
SECURITISATION FORUM**

1. Cash Flow Statement – Actual from 1 March 2020 to 28 February 2021 compared to Budget from 1 March 2020 to 28 February 2021

SOUTH AFRICAN SECURITISATION FORUM				
BUDGET VS ACTUAL RESULTS - 1 MARCH 2020 - 28 February 2021				
Income Statement:	Actual	Budget	Budget remaining	Comments on variance between actual YTD and budgeted YTD
	12 Months 28-Feb-21	FULL YEAR 28-Feb-21	till 28-Feb-21	
Income	509,306	504,575	4,731	
Interest and balance on current account	18,056	28,325	-10,269	Below expectation as a result of fluctuating MM balance. Refer to membership report for more detail.
Membership Fees	491,250	476,250	15,000	
Expenses	467,514	499,883	32,369	
Auditors	18,113	11,276	-6,836	Additional work on tax return not initially budgeted for.
Bank charges	2,273	2,407	134	
Website design, maintenance costs	55,727	55,081	-646	In line with expectation
Consulting secretarial fees	383,214	383,214	-	In line with expectation
Sundry office costs	4,487	10,560	6,073	In line with expectation, includes bonus
Travel	3,700	17,344	13,644	Below expectation, no AGM costs
General provision - contingency	-	20,000	20,000	Below expectation, limited travel
				Not utilised
Profit/(loss) before tax	41,793	4,693		
Tax	-	-		
Profit/(Loss) after tax	41,793	4,693		
Cash at Beginning of the year	452,874	458,106		
Add: Net income over expenses	41,793	4,693		
Closing cash balance	494,667	462,799		

2. Cash Flow Statement – Actual from 1 March 2020 to 28 February 2021 compared to Budget from 1 March 2021 to 28 February 2022

BUDGET 20200 VS ACTUAL RESULTS 2021				
Income Statement:	Budget	Actual	Budget remaining	Comments on variance between actual YTD and budgeted YTD
	12 Months 28-Feb-22	FULL YEAR 28-Feb-21	till 28-Feb-21	
Income	498,056	509,306	-11,250	
Interest and balance on current account	18,056	18,056	-	Maintain at FY 2020 actual
Membership Fees	480,000	491,250	-11,250	Fee remains the same as prior year, membership numbers remained consistent (expected 32 members)
Expenses	504,511	467,514	-36,997	
Auditors	18,837	18,113	-725	Increase of 6% on FY 2020 actual in line with PY increase
Bank charges	2,410	2,273	-136	Increase of 6% on FY 2020 actual in line with PY increase
Website design, maintenance costs	57,956	55,727	-2,229	As approved, Website host-Gridhost at 3.5% inflationary increase.
Consulting secretarial fees	396,630	383,214	-13,416	3.5% as approved, provision included for bonus
Sundry office costs	4,756	4,487	-269	Increase of 6% on FY 2020 actual in line with PY increase
Travel	3,922	3,700	-222	Increase of 6% on FY 2020 actual in line with PY increase
General provision - contingency	20,000	-	-20,000	
Profit/(loss) before tax	-6,455	41,793		
Tax	-	-		
Profit/(Loss) after tax	-6,455	41,793		
Cash at Beginning of the year	494,667	452,874		
Add: Net income over expenses	-6,455	41,793		
Closing cash balance	488,212	494,667		

**The South African Securitisation Forum
Annual Financial Statements
for the year ended 28 February 2021**

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2021**

General Information

Nature of business and principal activities To promote the development of securitisation in South Africa.

Executive committee members	Name	Change in appointment
	E Deiner (Chairman)	
	O Ferriera (Deputy Chairman)	
	K Khan (Treasurer)	
	D Towers	
	B Harmse	
	N Zeelie	
	S Howie	
	R Roothman	
	D Eraman	Resigned 01 May 2020
	N Gunning	
	L Marais	
	L Dirker	
	H Ackerman	
	D Govender	
	R Thanthony	
	D Toerien	
	S Pienaar	
	G Wakelin	
	AK Ismail	
	J Scheepers	
	N Cloete	
	C Gough	Appointed 01 May 2020
	P Van Welzen	Appointed 01 March 2021

Auditors Nolands Inc
Per: Craig Stansfield CA (SA), RA
Registered Auditors

Secretary P Benbow-Hebbert

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February**

2021 Index

The reports and statements set out below comprise the annual financial statements presented to the members:

Index	Pages
Independent Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Cash Flows	7
Accounting Policies	8
Notes to the Annual Financial Statements	9 - 10

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	11
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The annual financial statements set out on pages 5 to 11, which have been prepared on the going concern basis, were approved by the executive committee on 30 April 2021 and were signed on its behalf by:

Chairman

Deputy Chairman

Cape Town

30 April 2021

Independent Auditor's Report

To the members of The South African Securitisation Forum

Opinion

We have audited the annual financial statements of The South African Securitisation Forum set out on pages 5 to 10, which comprise the statement of financial position as at 28 February 2021, the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present, in all material respects, the financial position of The South African Securitisation Forum as at 28 February 2021 and its financial performance and cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the committee's own accounting policies to satisfy the financial information needs of the executive committee members. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The executive committee members are responsible for the other information. The other information comprises the supplementary information set out on page 11. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the annual financial statements

The executive committee members are responsible for the preparation and presentation of the annual financial statements in accordance with the basis of accounting described in Note 1 and for such internal control as the executive committee members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive committee members are responsible for assessing the committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee members either intend to liquidate the committee or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive committee's members.
- Conclude on the appropriateness of the executive committee's members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the committee to cease to continue as a going concern.

Furthermore, we communicate with the executive committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nolands Inc
Registered Auditor
Practice number: 900583e
Per: Craig Stansfield CA (SA), RA
Director

Cape Town
30 April 2021

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2021

Statement of Financial Position

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Accounts receivable	2	30 000	45 000
Cash and cash equivalents	3	494 667	452 874
Total Assets		524 667	497 874
Funds and Liabilities			
Funds			
Accumulated funds	4	512 877	484 768
Liabilities			
Current Liabilities			
Accounts payable	5	11 790	13 106
Total Funds and Liabilities		524 667	497 874

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2021

Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue	6	476 250	477 500
Operating expenses		<u>(466 197)</u>	<u>(469 163)</u>
Operating profit		10 053	8 337
Investment revenue	7	<u>18 056</u>	<u>28 325</u>
Profit for the year before taxation		28 109	36 662
Taxation	8	<u>-</u>	<u>-</u>
Profit for the year		<u>28 109</u>	<u>36 662</u>

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February
2021 Statement of Cash Flows**

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from / (used in) operations	9	23 737	(33 557)
Interest income		18 056	28 325
Net cash flow from operating activities		41 793	(5 232)
Net cash and cash equivalents movement for the year			
Cash and cash equivalents at the beginning of the year		452 874	458 106
Cash and cash equivalents at the end of the year	3	494 667	452 874

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February
2021 Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

1.2 Financial instruments

Accounts receivables

Accounts receivable are items that the Forum has issued invoices for, but not received payment for, as at the reporting date. They are stated at their estimated realisable value, which means that the amount stated is the figure the Forum realistically expects to receive.

Accounts payable

Accounts payable are items where the goods and services have been received by the Forum, but as at the reporting date have not yet been paid. They are stated at the amount of cash required to settle those liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently at amortised cost.

1.3 Revenue

Membership fees are recognised on the accrual basis in accordance with the substance of the relevant membership agreements.

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2021

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
2. Accounts receivable		
Membership fees receivable	30 000	45 000
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	494 667	452 874
4. Accumulated funds		
Opening balance	484 768	448 106
Profit for the year	28 109	36 662
	<u>512 877</u>	<u>484 768</u>
5. Accounts payable		
Trade payables	11 790	13 106
6. Revenue		
Membership fees	476 250	477 500
7. Investment revenue		
Interest received		
Bank	18 056	28 325
8. Taxation		
The Forum is registered as a Public Benefit Organisation. Its receipts and accruals derived from trading activities fall within the prescribed parameters as contained in Section 10(1)(d)(iv)(bb) of the Income Tax Act of South Africa. Accordingly, no provision for taxation has been made as all receipts and accruals are exempt from taxation.		
9. Cash used in operations		
Profit before taxation	28 109	36 662
Adjustments for:		
Interest received	(18 056)	(28 325)
Changes in working capital:		
Accounts receivable	15 000	(45 000)
Accounts payable	(1 316)	3 106
	<u>23 737</u>	<u>(33 557)</u>

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2021**

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

10. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

11. Events after the reporting date

The executive committee members are not aware of any matter or circumstances of a material nature arising since the end of the financial year.

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2021

Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Revenue			
Membership fees	5	476 250	477 500
Other income			
Interest received	7	18 056	28 325
Operating expenses			
Auditors' remuneration		16 796	13 743
Bad debts		-	15 000
Bank charges		2 273	2 271
Consulting fees paid		383 214	359 827
Sundry office costs		3 299	8 774
Travel - local		3 700	16 363
Website and computer costs		56 915	53 185
		466 197	469 163
Profit before taxation		28 109	36 662
Taxation	8	-	-
Profit for the year		28 109	36 662

APPROVAL OF 2021/2022 MEMBERSHIP FEES



REPORT FROM THE SUB-COMMITTEES

Annual Report of the Legal & Regulatory Sub-Committee of the South African Securitisation Forum for the 2020/2021 year

Members of the Executive Committee of the South African Securitisation Forum (the “Forum”), Chairpersons of the various sub-committees of the Forum, Colleagues, Ladies and Gentlemen.

1. Introduction

I am presenting this report to you in my capacity as Chairperson of the Legal and Regulatory Sub-Committee (“sub-committee”). I would also like to extend my appreciation to all the members of the sub-committee for their input and time during the past term, which was a busy one on the legal and regulatory front. Three formal sub-committee meetings were held during the term, namely in August 2020 and in February and May 2021. All the meetings were well attended.

2. Overview of the sub-committee’s 2020/2021 activities

2.1 Securitisation Regulatory Framework

A BASA task group has been working on an initiative for some time to enhance the securitisation regulatory landscape in South Africa and to update the Securitisation Regulations to comply with Basel III. The task group consists of representatives of the Banks, National Treasury, SASF, SARB and ASISA. SASF is contributing to the workings of this task group. Three legislative frameworks are being considered, namely amendments to the Securitisation Exemption Notice, Update of the Regulations relating to Banks to incorporate Basel III amendments to the capital rules applicable to banks and the inclusion of a framework for simple, transparent and comparable securitisations (STC) as applied to banks.

2.1.1 Securitisation Exemption Notice

The sub-committee prepared a submission setting out deficiencies in the Securitisation Exemption Notice in 2016. The sub-committee proposal was presented to the BASA working group and was incorporated into a submission presented to SARB. SARB has indicated that it is considering an update but is yet to communicate its’ thoughts and timelines.

2.1.2 Update to the Regulations relating to Banks to incorporate Basel III amendments

SARB is updating the Regulations relating to Banks to incorporate the Basel Committee’s latest capital framework for securitisation. SARB published for comment this new framework in December 2019 and BASA provided comments. The proposed implementation date was 1 April 2020 but

following further engagement with the industry, SARB has decided to postpone the implementation date in order to further consult with the banks, particularly regarding the STC framework.

2.1.3 STC Framework

A framework for Simple, Transparent and Comparable securitisations was published with a focus on preferential capital treatment for banks participating in transactions that comply with the STC framework.

The framework being proposed by SARB is essentially a direct incorporation of the Basel Committee's framework. It is BASA and the Forum's view that the framework must be adapted to our market as well as to international best practice. SARB has undertaken to consult further with the industry.

2.2 **JSE Debt Listings Requirements**

The revised JSE Debt Listings Requirements were implemented in 2020 and most of the securitisation industry's comments were largely addressed.

2.3 **Amendments to the Commercial Paper Regulations**

SARB has started to work on the amendments to the Commercial Paper Regulations and has had informal discussions with banks on a bilateral basis. An informal draft regulation setting out its proposed approach has subsequently been circulated to the banks for input. The plan is to formally consult with all market participants later this year although the timing thereof is not certain.

2.4 **New regulation dealing with margining requirements for non-centrally cleared derivative transactions**

A new Standard is being implemented that requires an authorised and approved OTC Derivatives Provider ("ODP") to bilaterally and on a daily basis exchange variation margin with any 'counterparty' or 'foreign counterparty' with whom non-centrally cleared derivative transactions ("Derivatives") are concluded. Securitisation Issuers as counterparties to derivative transactions can't post margin due to their legal structure. The sub-committee has started to investigate the implications of this Standard on securitisation issuers and the initial view is that it will not have implications since a securitisation issuer should fall outside the definition of "counterparty" as defined in the Standard.

2.5 The sub-committee discussed further focus areas for 2021 and it was agreed that the following should be considered:

- (a) The creation of a forum to discuss and share experiences that participants have encountered with regulations and regulators (such as the JSE);
- (b) a session be arranged to discuss the challenges the industry have with the development of synthetic securitisation structures and the ABCP market; and
- (c) broadening the mandate of the Forum beyond traditional securitisation.

3. **Outlook and Conclusion**

In conclusion, 2021 will continue to be a busy year on the legal and regulatory front. The SARB will engage again on the Securitisation Framework and may formally engage the industry on the amendments to the Commercial Paper Regulations.

Current market conditions are conducive for new transactions considering conditions in the local Debt Capital Markets.

Hendrik Ackermann
Chairperson
May 2021



REPORT OF THE COMMUNICATION AND EDUCATION SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE 2020/2021 YEAR

Members: David Towers, David Toerien, Louis Dirker, Evelyn Deiner, Gill Raine, Nick Gunning, Richard Roothman, Rishendrie Thanthony, Dhesegan Govender and Brendan Harmse.

EDUCATION

UCT Securitisation Course

The UCT Securitisation Course was last held in 2017. Despite its success that year interest in the course in 2018 dropped significantly and we decided it did not warrant offering it in that year. It was reassessed again in 2019 with the committee again deciding against the course. For obvious reasons it was not considered in 2020.

We will keep the Forum updated when we believe it will be useful to run the course again but, given current circumstances, it will not be held this year. However, given the time since the last course we will consider if it is appropriate to explore a course next year, assuming that the country has opened up.

Capital Markets Conferences

The last IMN Africa Capital Markets conference was in 2016. It remains uncertain when it will be held again.

The Bonds, Loans and Sukuk Africa Virtual Conference was held on 25 November 2020 online. Marc Hearn, Gill Raine, AK Ismail, Yohan Assous, Thato Khaole and I were included in the panel. Securitisation in the South African market from the perspective of a non-bank issuer, the rating process, regulatory issues as well as the investor perspective was the topic. Although we focused on South Africa it appeared to be a useful session to assist those in Africa wishing to replicate the technology into their country. There was considerable feedback and questions from attendees at the conference.

SASF Outreach

The sub-committee had previously proposed a SASF sponsored event be offered to the market which would focus on growing/restarting Securitisation. Given the lack of deals in the market, the lack of regulatory clarification and the inability to network during on-line conferences, it was decided to put this proposal on hold for the moment and to wait until there are sufficient developments in the market to warrant an event like this. Likewise, the same view was taken regarding active engagement with regulators such as the PA, FSCA and the JSE. We will hold that activity in abeyance for now pending further developments. However,

with a lack of progress being made with long overdue regulatory changes, it was still felt that an attempt to communicate with the SARB to discuss its progress with regulatory amendments should be made, especially given the number of key departures from various key positions.

We are in the early stages of engaging with Moody's regarding their offer of credit training free to members. This is, however, dependent on an uptick in the number of rated deals in the country.

Members of the Forum continue to receive regular updates from the Economic & Research team at the SARB and we attend their presentations.

Standard Bank Training Sessions

These have been suspended for the time being given the current situation in the country with COVID-19.

Other Matters

RT and DT have engaged with the Tribunal in Pretoria and Cape Town as well as on-line to educate them on the SPV structures with a view to obtaining exemptions from the requirement to establish Social & Ethics committees for these entities. Although there was some understanding the members present requested a follow up presentation to educate a broader base of members of the Tribunal who are involved in deciding on exemption requests. Whilst the industry has experienced some success in recent months with exemptions being granted, applications are also still being rejected despite being virtually identical structures. As the economy opens up we undertake to re-engage on this matter.

DATA BASE:

We have been maintaining a data base of information, with the assistance of BASA, relating to securitisation deals. We are looking to consolidate and expand the information available, including all non-bank issuance. We anticipate making this information available on the SASF website.

COMMUNICATION:

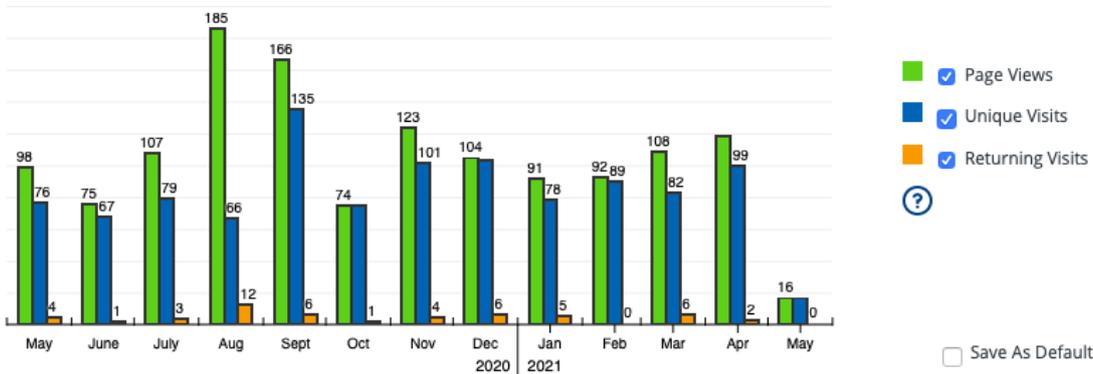
The main instrument for communication between the Forum and its stakeholders continues to be our website. The site presently contains all relevant details of the Forum and its members. It also contains news, publications, investor reporting, information on education, our constitution, links to other international securitisation forums, as well as basic information on securitisations and its history in South Africa. Our aim is to provide all available securitisation investor reporting on the SASF website shortly after they are released. The majority of the JSE listed transaction reports are listed on the website.

Copies of all reports tabled at the AGM of the Forum will also be posted on the site immediately after the AGM.

David Towers
May 2021

SASF website usage up to 7 May 2021

Monthly ◻ ◀ ◁ ▶ ▷ − + 📅 Last 12 Months ▾



Average Monthly Page Views	Average Monthly Unique Visits	Average Monthly First Time Visits	Average Monthly Returning Visits	Export
104.4	81.9	78.1	3.8	
Page Views	Unique Visits	First Time Visits	Returning Visits	
+ May 2021	16	16	16	0
+ Apr 2021	118	99	97	2
+ Mar 2021	108	82	76	6
+ Feb 2021	92	89	89	0
+ Jan 2021	91	78	73	5
+ Dec 2020	104	103	97	6
+ Nov 2020	123	101	97	4
+ Oct 2020	74	74	73	1
+ Sept 2020	166	135	129	6
+ Aug 2020	185	66	54	12
+ July 2020	107	79	76	3
+ June 2020	75	67	66	1
+ May 2020	98	76	72	4
Total	1,357	1,065	1,015	50

Returning Visits - Based purely on a cookie, if this person is returning to your website for another visit an hour or more later

First Time Visits - Based purely on a cookie, if this person has no cookie then this is considered their first time at your website.

Unique Visitor - Based purely on a cookie, this is the total of the returning visits and first time visits - all your visitors.

Page Load - The number of times your page has been visited.

SASF: Investor reports on the website as of 7 May 2021

Please see below a list of all the latest Investor Reports currently displayed on the SASF website, together with the date of the latest issue available.

Residential Mortgage-Backed Securitisations

Amber House Fund 2 – SA Homeloans
January 2021

Amber House Fund 3 – SA Homeloans
January 2021

Amber House Fund 5 – SA Homeloans
February 2021

Amber House Fund 6 – SA Homeloans
February 2021

Amber House Fund 6 – SA Homeloans
February 2021

Greenhouse 5 (RF) Limited- Nedbank
January 2021

Nqaba Finance 1 - Eskom Finance Company (EFC)
August 2020 - email sent requesting new reports

Thekwini Funds- SA Homeloans
Thek 13: has been fully redeemed so no further reporting required
Thek 14: February 2021
Thek 15: February 2021
Thek 16: February 2021

Commercial Mortgage-Backed Securitisation

Precinct Funding 2 (RF) Limited - Nedbank Capital
January 2021

Asset-Backed Securitisations

SA Securitisation Programme (previously Equipment Rentals Securitisation) - Sasfin Bank
Series1
March 2021

Series 2
March 2021

Series 3
March 2021

Asset-Backed Securitisations - Autos

Nitro Securitisation 5 (Pty) Ltd – Wesbank
September 2018 – archived

Nitro Securitisation 6 (Pty) Ltd – Wesbank
March 2021

Nitro Securitisation 7 (Pty) Ltd – Wesbank
March 2021

SuperDrive Investments (Pty) Ltd - BMW FS securitisation - Standard Bank
November 2020

Torque Securitisation (RF) Limited – RMB
February 2021

Transsec 2 (RF) Limited
November 2020

Transsec 3 (RF) Limited
January 2021

Transsec 4 (RF) Limited
December 2020

ABCP Conduits

Inkotha Investments (Pty) Ltd - Firststrand Bank
April 2021

Ivusi Investments (Pty) Ltd - Firststrand Bank
March 2021

Thekwini Warehousing Conduit - SA Homeloans
April 2021

Synthetic Securitisations

Micro-Lending Receivables

Annual Report of the Membership Sub-Committee for the 2020/2021 year

The Executive Committee agreed to keep the annual membership fees at R15,000 per member; the SASF membership stands at 32 members.

As at 28 February 2021 the fees invoiced for 2020/2021 totalled R476 250. This was in respect of 32 members and included a pro rata amount for Grobank Limited.

The outstanding membership fees of R30 000 as at 28 February 2021 have since been received.

Mosaic Financial Solutions (Pty) Limited resigned during the year and Grobank Limited became a member.

CMS RM Partners (Pty) Ltd have since joined the Forum. Their membership is effective from the 1 March 2021.

SA Securitisation Forum Members (excluding CMS-RM)
ABSA Capital
Allen & Overy LLP
Ashburton Investments
Bayport Securitisation (RF) Limited
BMW Financial Services (SA)(Pty)Ltd
Bowmans
Centrafin Pty Limited
Cliffe Dekker Hofmeyr
Deloitte & Touche
ENS
Ernst & Young
Grobank Limited
Hypoport Africa Limited
Investec Bank Limited
KPMG Inc
Maitland Group South Africa Limited
Nedbank CIB
Ninety One (Pty) Limited
PricewaterhouseCoopers
Quadridge Trust Services (Pty) Ltd
Quince Capital
Rand Merchant Bank
SA Home Loans
SA Taxi Development Finance (Pty)Limited
Sanlam Investments
Sasfin Bank Limited
Standard Bank of South Africa Limited
STANLIB
TMF Corporate Services (South Africa) (Pty)Ltd
TUHF Limited
Webber Wentzel
Werksmans Attorneys

Nick Gunning
May 2021



ANNOUNCEMENT OF OFFICE BEARERS FOR 2021/2022

GENERAL

Constitution

THE SOUTH AFRICAN SECURITISATION FORUM CONSTITUTION

1. Objects

1.1 **Objects.** The objects of the South African Securitisation Forum (“SASF”) are: To promote the development of securitisation in South Africa through education of government, regulatory and other authorities, the public, investors, originators and others with an interest or potential interest, both in South Africa and overseas, in the benefits of securitisation to South Africa and aspects of the South African securitisation industry.

1.2 **Co-ordinate with other forums.** It is expected that the SASF would co-ordinate, where appropriate, with the European Securitisation Forum, the Australian Securitisation Forum and other industry advocacy groups in order to act as a constructive force in the world securitisation markets.

2. Nature of the Association and its Profits

2.1 **Universitas personarum.** The SASF is a universitas personarum, constituted under the South African common law, and as such:

- (i) the SASF is a non-profit association that does not have the object of carrying on any business whereby profit or gain is generated for the SASF;
- (ii) (ii) the SASF has perpetual succession, that is, it continues as an entity notwithstanding changes of membership;
- (iii) the SASF holds its assets distinct from its members and no member has any right, title, claim or interest to the assets of the SASF by reason of membership; and
- (iv) the SASF is responsible for payments of its own debts.

2.2 **Use of funds.** The SASF is required to utilise its funds and assets solely for the objects for which it has been established.

3. Powers

3.1 **Give effect to the objects.** The SASF shall have the necessary powers to give effect to its objects. This includes the power to:

- (i) enter into any arrangement with any governments or authorities, supreme, municipal or otherwise;
- (ii) invest and deal with the money of the SASF that is not immediately required in such a manner as the SASF may deem fit;
- (iii) remunerate any person or company or services rendered or to be rendered in respect of organising or managing the SASF's affairs;
- (iv) open bank accounts, and to draw, make, accept, endorse, discount, execute and issue negotiable or transferable instruments or any kind;
- (v) borrow money;
- (vi) apply for and to obtain any law, order, regulation or other authorisation or provision that is to the benefit of the SASF;
- (vii) make such rules as are conducive to the SASF attaining its goals; and
- (viii) generally do or have all such things done as may appear in the SASF to be incidental or conducive to the attainment of the objects of the SASF.

4. Method of Operation

4.1 **Meet with regulators, etc.** It is anticipated that members of the SASF and appropriate committees will meet with regulators and other relevant parties on a regular basis to develop a constructive dialogue that serves to educate regulators and improve industry appreciation for, and influence on, the development of legal, accounting, regulatory, capital and other related issues.

- 4.2 **Inform members.** The SASF will regularly keep members informed of important ongoing issues and developments.
- 4.3 **Education programs.** The SASF will sponsor high level education programmes that will attempt to be more focused on serving the securitisation community than those currently available from commercial programmes.
- 4.4 **Industry communication.** The SASF will promote discussion and consensus between all member groups of the SASF.
- 4.5 **Standards.** The SASF will develop industry standards and endeavour to standardise matters within the industry. The SASF will also sponsor research into new developments.

5. **Executive Committee**

- 5.1 **Final authority.** The governing body of the SASF will be an Executive Committee. Final authority for the SASF, including the winding up of this constitution, will however, unless otherwise specified, reside with a majority of the members of the SASF.
- 5.2 **Conduct business; delegation.** The Executive Committee shall conduct its own business when in session and may delegate its authority to Committees and Task Forces. If the Chairperson decides it is impractical to meet in person, meetings may be conducted telephonically or by the circulation of written materials.
- 5.3 **Number of members.** The Executive Committee will consist of up to 21 members plus any officers given the power to vote on the Executive Committee who have not otherwise been appointed to the Executive Committee.
- 5.4 **Open to all SASF members.** The membership of the Executive Committee will be open to all members of the SASF.
- 5.5 **Election of Chairperson and Deputy Chairperson.** Each of the Chairperson and the Deputy Chairperson of the Executive Committee will be elected by majority vote of the Executive Committee.
- 5.6 **Term.** Each Executive Committee member's term will be 2 years, except for the initial Executive Committee members, whose term will be a period of 2 or 3 years in order that approximately one half of the Executive Committee membership will rotate each year (other than after the first year) except that:
- (i) the terms of the Executive Committee members elected as Officers (being Chairperson, Deputy Chairperson, Secretary, Treasurer, or other Executive Officer) must automatically be extended to coincide with their terms in such office;

- (ii) the terms of the Executive Committee members may be extended by the Executive Committee as the Executive Committee shall deem appropriate; and
- (iii) the terms of office of Executive Committee members shall end on the last day of February of the year in which those terms are scheduled to expire, which date is intended to follow closely in time the date of the SASF's annual meeting, at which elections of Executive Committee members and officers shall take place.

5.7 **Initial members.** The initial members of the Executive Committee (and any other Committee) will be appointed by the founding members of the SASF then present at the meeting first establishing the SASF.

5.8 **Categories.** Executive Committee membership will be divided between member categories as set out in the table below. It is intended that membership of the Executive Committee be representative of the diversity of participants in the securitisation industry, to the extent practicable, taking into consideration the SASF's overall goals set out in Clause 1.

Member category	Maximum number of Executive Committee members
Issuer/Originator	3
Investor	4
Commercial Banks	6
Trustees	3
Law firms	2
Accounting firms	2
Other	1

5.9 **Members.** A person is qualified to be appointed to the Executive Committee if at the time of their appointment that person is employed by or is an officer or director of a member of the SASF or otherwise has an association, approved by the Executive Committee, with a member of the SASF. Each member of the Executive Committee may appoint an alternate and the representative and the alternate may both attend and participate at meetings of the Executive Committee. However, each member of the Executive Committee has only 1 vote, notwithstanding that the member and his/her alternate may both be present at a meeting.

5.10 **Cessation of employment.** A member of the Executive Committee shall not be required to resign his/her appointment on the termination of that member's employment or directorship with a member of the SASF, subject to the power of the Executive Committee to

- (i) remove such member in terms of Clause 5.12 and
- (ii) fill a casual vacancy in terms of Clause 5.13.

- 5.11 **Regular meetings.** The Executive Committee will meet not less than 4 times per year with such other interim meetings (including via teleconference) as deemed necessary by the Chairperson. The Chairperson or his or her designee, in consultation with the Executive Committee, will set dates for such meetings.
- 5.12 **Removal.** The Executive Committee may remove a member from the Executive Committee for any reason by vote of at least 75% of the full Executive Committee. Failure of any Executive Committee member or his alternate to attend, in person or by telephone, more than 2 Executive Committee meetings in any calendar year, constitutes sufficient cause for removal.
- 5.13 **Casual vacancies.** In the event of a casual vacancy occurring in the membership of the Executive Committee, the Executive Committee may appoint a member of the SASF to fill the vacancy and the member so appointed shall hold office, subject to this Constitution, until the conclusion of the annual general meeting at which that position would have been otherwise eligible to be filled but for the casual vacancy.

6. Officers of the Executive Committee

- 6.1 **Number of Officers.** The Executive Committee will consist of such number of officers as shall be decided by the Executive Committee.
- 6.2 **Officers.** Subject to the Executive Committee deciding otherwise, the officers of the Executive Committee will consist of:
- (i) the Chairperson;
 - (ii) the Deputy Chairperson;
 - (iii) the heads of each Subcommittee of the Executive Committee;
 - (iv) the Treasurer;
 - (v) the Secretary.

7. Officers

7.1 Chairperson and Deputy Chairperson

- (i) The principal duties of the Chairperson and Deputy Chairperson shall be to create policies, and strategies for effecting those policies, to accomplish the goals of the SASF set forth in Clause 1. Together, they will have all of the powers enumerated elsewhere in this Constitution and, in addition, will lead the Executive Committee. The Chairperson shall preside at, be a member and serve as the Chairperson of, all meetings by the Executive Committee, and shall call special meetings of any committee as necessary and appropriate, except as may otherwise be provided at the time any committee is established. The term of the appointment of each of the Chairperson and Deputy Chairperson shall be 2 years, except as extended by action of the Executive Committee as it shall deem appropriate.
- (ii) In the absence of the Chairperson, the Deputy Chairperson shall perform the duties of the Chairperson. The Deputy Chairperson shall generally assist the Chairperson and shall have such other powers and perform such other duties and services as the Chairperson or the Executive Committee shall prescribe, provided that the Deputy Chairperson shall report to the Chairperson.
- (iii) The Chairperson and Deputy Chairperson must have a broad understanding of and experience with the securitisation industry, and demonstrated leadership ability and experience with relevant trade or professional organizations and must be willing to devote the time necessary to carry out their responsibilities during their term.

7.2 Secretary

- (i) The Executive Committee shall appoint a Secretary. The term of the appointment of the Secretary shall be 2 years, except as extended by action of the Executive Committee as it shall deem appropriate.
- (ii) The responsibilities of the Secretary shall include, in conjunction with the staff of the SASF, (a) the oversight of all records of the Executive Committee, the subcommittees and the members; (b) recording or causing to be recorded the minutes of each meeting of the Executive Committee and (c) performing such other duties as may be requested by the Chairperson or the Executive Committee.

7.3 Treasurer

- (i) The Executive Committee shall appoint a Treasurer. The term of the appointment of the Treasurer shall be 2 years, except as extended by action of the Executive Committee as it shall deem appropriate.
- (ii) The Treasurer shall be responsible for preparation of the budget and shall present the annual financial statements to the Executive Committee for its final approval. The Treasurer shall report the financial condition of the SASF at each regular meeting of the Executive Committee. The

Treasurer shall also perform such other duties as may be assigned to such office by the Chairperson or the Executive Committee.

8. Meetings

- 8.1 **Quorum.** The quorum for meetings of any committee shall be a majority of the voting membership of that committee at the time of the meeting, present in person or by proxy. No committee may conduct official business without a quorum.
- 8.2 **Voting.** Any matter to be voted upon by a committee shall, except where otherwise specifically required, be approved by the affirmative votes of a majority of members of that committee present in person (which includes presence by telephone) or by proxy.

9. Constitution

- 9.1 **Adoption and Ratification.** The Executive Committee will adopt the Constitution of the SASF.
- 9.2 **Amendment.** The Constitution may only be amended by a super-majority vote of two thirds of the members of the Executive Committee present in person or by proxy at a meeting at which a quorum is present.
- 9.3 **Additional Operating Procedures.** Any committee may establish additional operating procedures with regard to its own business to the extent not inconsistent with these Operating Procedures.

10. Committees

- 10.1 **Establishment and staffing.** The Executive Committee will establish and staff the other standing or ad hoc committees and task forces.
- 10.2 **Members.** Committees established by the Executive Committee will be open to any member of the SASF. The Executive Committee will appoint the members of each Committee.
- 10.3 **Head.** The head of each Committee must be an Executive Committee member, Officer or their principal alternate. The Executive Committee will appoint the head of each Committee.
- 10.4 **Term of head.** The head of each Committee will have a term of 1 year with a consecutive 3-year maximum, except as extended by action of the Executive Committee, as it shall deem appropriate.
- 10.5 **Initial Subcommittees.** The Executive Committee may decide from time to time to establish any subcommittee at its discretion. The initial subcommittees will be:

- (i) Legal and Regulatory Subcommittee;
- (ii) Accounting and Tax Subcommittee;
- (iii) Membership Subcommittee;
- (iv) Market Standards and Practices Subcommittee;
- (v) Communication and Education Subcommittee;
- (vi) Investor Subcommittee;

10.6 **Meetings.** The Subcommittees may meet at any time they may choose. Dates for such meetings will be set by the head of the relevant subcommittee in consultation with the subcommittee.

11. Employees and Employment Matters

11.1 **Staff.** A dedicated, full-time professional and administrative staff at a level necessary to support and carry out its activities effectively and efficiently may be appointed to support the SASF.

12. Notices

12.1 **Types of notice.** If mailed, all notices, ballots or other material to be provided to members, officers or committee members of the SASF shall be deemed delivered when deposited with the South African Post Office or any courier service for certified delivery. Any notice delivered by facsimile shall be deemed delivered upon successful transmission of such facsimile. Any notice delivered by electronic message shall be deemed delivered upon successful transmission of such electronic message.

12.2 **Waiver of notice.** Whenever any notice is required to be given to any member, officer or committee member of the SASF under the provision of any statute or this Constitution, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

13. Membership, Budget and Finance

13.1 **Membership of SASF.** Membership of the SASF will be open to all professional participants in the securitisation industry, including without limitation issuers, originators, dealers, arranging banks, underwriters and other financial intermediaries, investors, servicers, guarantors, rating agencies, trustees, information technology specialists, lawyers and accountants. A member (whether an individual or institution) need not be a South African resident. The Membership Subcommittee may

develop further membership criteria from time to time, subject to approval by the Executive Committee.

- 13.2 **Application for membership.** An application for membership to the SASF by any individual or business organisation must be made in writing in the form approved by the Membership Subcommittee from time to time, signed by its nominated representative (who must be specified as such in the application) and lodged with the Secretary.
- 13.3 **Executive Committee must approve application for membership.** The Secretary must refer an application for membership of the SASF to the Executive Committee as soon as practicable after receiving the application. The Executive Committee may approve or reject an application for membership of the SASF in its sole and absolute discretion.
- 13.4 **Nominated representatives.** All notices and other communications to a member will be sent to its nominated representative. A member may from time to time replaced its then nominated representative by notification to the Secretary.
- 13.5 **Membership entitlements not transferable.** A right, privilege or obligation which a business organisation has by reason of being a member of the SASF
- (i) is not capable of being transferred or transmitted to another person or organisation,
 - (ii) terminates upon the cessation of the organisation's membership of the SASF and
 - (iii) is capable of being exercised only by the nominated representative of that organisation.
- 13.6 **Cessation of membership.** A business organisation will cease to be a member of the SASF if
- (i) the organisation resigns as a member by written notice to the Secretary or
 - (ii) the Executive Committee determines that such organisation's membership of the SASF should be terminated.
- 13.7 **Funding.** The SASF will be entirely self-funded through membership dues and other sources of revenue (such as educational conferences).
- 13.8 **Levels and dues.** Membership dues will vary according to organization size and scope of operations in the South African securitisation market. Anticipated membership levels are attached as Schedule 1. The Membership Committee may vary dues and levels from time to time, subject to approval by the Executive Committee.

- 13.9 **Appropriate membership level.** The Membership Committee may determine the appropriate membership level for an applicant, provided that such determinations shall be consistently applied in respect of all applicants.
- 13.10 **Pay dues.** In the year in which a member first joins the SASF, after 30 days (or such other period as shall be determined by the Chairperson in the reasonable exercise of his or her discretion) from notification by the membership committee of acceptance of that member, that member will not be able to attend meetings unless it shall have paid the required amount of membership dues. In subsequent years, a member will not be able to attend meetings unless it shall have paid the required amount of membership dues by March 31 of that year.
- 13.11 **Policies for broken periods.** Dues payable for new SASF members will be calculated based upon the pro-rata number of months of membership the new participant will enjoy, rounded to the closest month end. For instance, if a new larger financial intermediary were to join as of August, then they would owe membership dues for 5 out of 12 months at the R30K level (i.e. R12.5K). Pro-rata dues are payable after the end of June for the remainder of the year. This policy applies to new SASF members only.
- 13.12 **Yearly membership.** Members' financial commitment to the SASF will be on a yearly basis.
- 13.13 **Fiscal year.** The fiscal year of the SASF shall be from March 1 to February 28 each year and annual financial statements, prepared in terms of generally accepted account practice, shall be prepared as this date. These accounts shall be subject to annual examination by an independent firm of registered accountants and auditors. The annual financial statements shall be audited within 90 days after year end and shall be presented to the annual general meeting of SASF for ratification, after having been approved by the executive committee of SASF.

14. Indemnity

- 14.1 **Liability.** Every member of the Executive Committee, agent, auditor, secretary, servant and any other officer or employee for the time being of the SASF, shall be indemnified out of the assets of the SASF, against any liability incurred by him arising out of his aforesaid office in defending any proceedings, whether criminal or civil, on which judgment is given in his favour or in which he is acquitted, provided that the SASF's liability pursuant to such indemnity shall only extend to such amount which the Executive Committee in its discretion may decide.
- 14.2 **Dissolution and winding-up.** Should the SASF be dissolved or wound up, the assets of the SASF must be given or transferred to another society, association or company that has a similar non-profit goal to that of the SASF, after all obligations of the SASF have been met.

SCHEDULE I

SASF Membership Categories and Dues

As of February 2009

Type	Level	Due
Larger Rating Agencies (First year free)	I	R15 000
Financial Guarantors	I	R30 000
Larger Accounting Firms	I	R30 000
Larger Banks and/or other Financial Intermediaries	I	R30 000
Larger Law Firms	I	R30 000
Larger Issuers/Originators	I	R30 000
Larger Investors (First year free)	I	R15 000
Trustees	II	R15 000
Medium Banks and/or other Financial Intermediaries	II	R15 000
Medium Law Firms	II	R15 000
Medium Issuers/Originators	II	R15 000
Servicer Companies	II	R15 000
Smaller Rating Agencies (First year free)	II	R15 000
Medium Investors (First year free)	II	R15 000
Smaller Banks and/or other Financial Intermediaries	III	R10 000
Smaller Accounting Firms	III	R10 000
Smaller Investors (First year free)	III	R15 000
Mortgage Insurers	IV	R 7 500
Smaller Issuers	IV	R7 500
Smaller Law Firms	IV	R 7 500
Other Financial Entities	IV	R 7 500
Suppliers	IV	R 7 500