



**SOUTH AFRICAN
SECURITISATION FORUM**

SASF ANNUAL GENERAL MEETING

THURSDAY 16 MAY 2019 AT 11H30

**WERKSMANS ATTORNEYS
THE CENTRAL,
96 RIVONIA ROAD,
SANDTON**

**BOARDROOM –THE SEMINAR ROOM
ON 10th FLOOR**

**Parking for visitors is available in the
basement (the entrance is on 5th Street)**

No dial in facilities available for this meeting.

**Tea and coffee available from 11h15.
The meeting will be followed by a light finger
lunch.**



**SOUTH AFRICAN
SECURITISATION FORUM**

WELCOME

ATTENDANCE

APOLOGIES



ADOPT AGENDA



SOUTH AFRICAN SECURITISATION FORUM

TWELFTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 16 MAY 2019

AT 11H30

AT WERKSMANS ATTORNEYS, THE CENTRAL, 96 RIVONIA ROAD, SANDTON
SEMINAR ROOM ON 10TH FLOOR
(Unfortunately no dial in facilities available)

AGENDA

11h15 Tea and coffee will be available

11h30

1. Welcome and Apologies
2. Adopt agenda
3. Approval of the Minutes of the Annual General Meeting held on 17 May 2018
4. Presentation and adoption of Chairman's Annual Report for 2019
5. Presentation and adoption of Financial Report for 2019
6. Budget for 2020
7. Membership Fees – 1 March 2019 to 28 February 2020
8. Reports from sub-committees
 - 8.1 Legal & Regulatory - Hendrik Ackermann
 - 8.2 Communication & Education/Investors - David Towers
 - 8.3 Membership - Nicholas Gunning
9. Election of Office Bearers for 2019/2020
10. General

The meeting will be followed by a finger lunch



APPROVAL OF PREVIOUS MINUTES



MINUTES OF THE ANNUAL GENERAL MEETING OF THE SOUTH AFRICAN SECURITISATION FORUM HELD ON 17 MAY 2018 AT 11H30 AT WERKSMANS ATTORNEYS, THE CENTRAL, 96 RIVONIA ROAD, SANDTON

1. **WELCOME & APOLOGIES**

The Chairman, David Towers, welcomed all those present to the 11th Annual General Meeting. He thanked Richard Roothman for providing the venue. A total of 42 persons, including members and their guests, were in attendance.

Apologies were received from:

Amanda Farnworth	Investec Bank
Amit Mohanlal	FirstRand Bank
Amrisha Krishna	Deloitte
Angela Itzikowitz	ENS
Anina Boshoff	Hogan Lovells
Beverley Warnasuriya	Stanlib
Carl Zeiler	Investec Bank
Carla Bathauer	BMW
Casper van Heerden	Bowmans
Chrisna Dippenaar	Deloitte
Craig Sherman	Ashburton
Daniela Burns	SA Taxi
David Toerien	Barclays
Direen Eraman	RMB
Emma-Jane Fulcher	Global Ratings
Gary-John Afrikaner	Maitland
Gill Raine	Asisa
Glen Christopolo	Amalia Capital
Herman Human	Sasfin
Jacques van Heerden	Standard Bank
Jesse Carberry	Maitland
Karen Couzyn	Webber Wentzel
Kristen Reddy	Standard Bank
Lesley Bosman	KPMG
Lindi Marais	Webbers
Lischa Gerstle	Bowmans
Lizelle Foord	TMF
Lize-Marie Reynolds	BMW Finance
Louette Nel	Maitland Group
Madison Liebmann	ENS
Marcus Veller	ABSA/Barclays
Marita Koti	Standard Bank
Olympia Shabangu	TMF

Pierre de Vos	Deloitte
Pierre Swart	Cliffe Dekker
Rob Kelso	SA Homeloans
Ruchir Severaj	Omsfin
Sanold Koert	Sanlam Investments
Selma Felisberto	BMW Finance
Shaun Ramsamuj	Barclays
Silvia Caroto	FirstRand Bank
Simon Howie	Investec Asset Management SA
Siza Gambu	Quince Capital
Suraksha Sunderpersad	Nedbank
Tsholo Lupele	Webber Wentzel
Willem Badenhorst	Maitland

2. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

The minutes of the previous Annual General Meeting of 18th May 2017, circulated beforehand, were tabled. In the absence of comments from the floor, approval of the minutes for the Chairman's signature was proposed by Richard Roothman seconded by Nick Gunning.

3. PRESENTATION & ADOPTION OF CHAIRMAN'S ANNUAL REPORT

The Chairman reiterated that the purpose of the AGM was to report back to members on the Forum's activities over the year, to present the Forum's financial reports, and to elect officers for the forthcoming year.

In terms of the Constitution, the Chairman was obliged to step down from his post since his three year term was up. All other Exco members had expressed their willingness to continue in their roles if re-elected except for Brendan Harmse, the Deputy Chairman, who had asked to step down from his role after a 3 year term. He would remain on EXCO as the representative of Maitland Group.

The Chairman presented his report, a copy of which was included in the AGM's board pack, and which would be published on SASF's website at www.sasf.co.za.

The Chairman thanked all the members of the Exco and the sub-committee members for their service to the Forum over the past year.

He expressed his appreciation to the Secretary, Pat Benbow-Hebbert.

No questions were raised. Nick Gunning proposed the Chairman's report be adopted for inclusion in the minutes. This was seconded by Lizelle Fivaz and the proposal was approved.

4. PRESENTATION & ADOPTION OF THE FINANCIAL REPORT FOR THE 12 MONTHS ENDED 28 FEBRUARY 2018.

The Financial Report as included in the pack for the AGM had been approved at the EXCO meeting held prior to the AGM, and taken as read.

The Treasurer, Lizelle Fivaz, presented the Financial Reports.

The cash position remained positive as at 30 April 2018.

The EXCO had recommended that annual membership fees of R15 000 p.a. remain unchanged to cater for ongoing expenses and legal opinions, as well as to cover education and marketing initiatives planned for the forthcoming year.

The adoption of the proposed 2018/19 budget and membership fees for the year ahead was tabled and approved. This was proposed by Richard Roothman and seconded by Nick Gunning.

The adoption of the Financial Statements (as included in the AGM pack and on the Forum's website) was tabled for approval. This was proposed by Francois Otto and seconded by Bertus Korb. The proposal was unanimously accepted by the AGM.

The Financial Statements were signed by the Chairman and the Deputy. These would be forwarded to the auditors.

5. PRESENTATION OF REPORTS FROM SUB-COMMITTEES

The various reports included in the AGM board pack were tabled. These, together with the Financial Statements, would be reflected on the SASF website.

Legal and Regulatory Report. The Sub-Committee Chairman Hendrik Ackerman tabled the report.

He thanked the members of the sub-committee for their regular attendance over the past year, which had proved to be a busy one on the legal and regulatory front.

Additional developments since the issue of the updated debt listing requirements were that the JSE had introduced another set of proposed amendments to the debt listing requirements, most notably a new section 11 that deals with the professional debt market. These revisions were open for comment until 28 May 2018 and the working group would provide a response prior to that date. There were no questions.

Communication and Education Report. The Chairman read the report for David Toerien, who had sent apologies for his absence. The report was included in the board pack.

The Exco was currently determining the format of a proposed internal one-day conference aimed at Investors and Trustees, with the intention of invigorating the market. This initiative had been prompted by the sense of growing loss of both interest and securitisation knowledge at Investor level. The sub-committee would be looking for input from interested parties. There were no questions.

Tax and Accounting Report. Rishendrie Thanthony tabled the report, which was included in the board pack. She advised that the meetings over the past year had been very well attended by sub-committee members. The format of the sub-committee meetings had been changed with audit firms giving short presentations and demonstrating how the relevant topics related to the securitisation industry as a whole. There were no questions.

Membership Report. Nick Gunning presented the report, details of which were in the board pack. Exco had recommended that the membership fee remained at R15 000 per annum for the new year, and he thanked all 29 members for past payment. The Forum would be looking to increase membership. He also noted that Investors were under-represented on the Forum and he would look at approaching them to join. There were no questions.

No issues were raised and adoption of the various sub-committee reports was unanimously accepted by the AGM. The Chairman thanked the Chairpersons of the sub-committees for their contributions during the year.

6. ELECTION OF THE EXECUTIVE COMMITTEE FOR 2018/2019.

There were a few changes in the composition of EXCO over the past 12 months.

- a) Corneleo Keevy of Ashburton, Dhesegan Govender of Sasfin and Jana Kershaw of Sanlam Investments resigned during the year.
- b) Ashburton resigned their membership.
- c) Francois Otto was appointed to represent Sasfin.
- d) Sanold Koert was appointed to represent Sanlam Investments.
- e) Futuregrowth joined and Conway Williams was appointed representative.
- f) David Toerien of ABSA/Barclays agreed to accept the position of Chairman of the Communication & Education Sub-Committee.
- g) David Towers, after his 3 years tenure, stepped down as Chairman of the Forum at the AGM.
- h) Brendan Harmse, who had acted as Deputy Chairman, stepped down from that position with effect from the date of the AGM and was replaced by Bertus Korb.
- i) Evelyn Deiner agreed to accept the position of Chairperson of the Forum.

The remaining EXCO officers indicated that they would be willing to stand for re-election.

Exco had consequently recommended the following offices for 2018/19 as:

Chairperson	Evelyn Deiner
Deputy Chairman	Bertus Korb
Treasurer	Lizelle Fivaz
Legal & Regulatory sub-committee	Hendrik Ackermann
Tax & Accounting sub-committee	Rishendrie Thanthony
Membership sub-committee	Nicholas Gunning
Communication & Education	David Toerien.

This was proposed by Neerie Naidoo and seconded by Brendan Harmse.

The remainder of EXCO would comprise:

Beverley Warnasuriya
 Brendan Harmse
 Conway Williams
 David Towers
 Direen Eraman
 John Martin
 Lindi Marais
 Louis Dirker
 Marcus Veller
 Nelis Zeelie
 Richard Roothman
 Rob Kelso
 Simon Howie

The Exco recommendations were approved by the AGM.

7. GENERAL

The Chairman thanked Richard Roothman and Werksmans for the use of the venue, as well as all those who worked with him over the past year. He also thanked all attendees at the AGM for their participation.

The incoming Chairperson, Evelyn Deiner, thanked the Forum for placing their trust in her leadership, as well as Bertus Korb for accepting the position of Deputy Chair.

She thanked the outgoing Chairman, David Towers, Deputy, Brendan Harmse and the rest of Exco for successfully driving the process forward, addressing a significant number of issues as well as raising the Forum's profile over the past 3 years.

She expressed appreciation to the Chairpersons of the sub-committees for staying on, and complimented the secretary Pat Benbow-Hebbert for maintaining the professionalism of the Forum. She committed to serving the Forum as best she could, and looked forward to working with them all in the year ahead.

There were no further questions or comments, and the outgoing Chairman, David Towers, thanked everyone for their attendance before declaring the meeting closed.

The meeting was followed by a finger lunch.

CHAIRMAN

DATE



**SOUTH AFRICAN
SECURITISATION FORUM**

PRESENTATION AND ADOPTION OF CHAIRMAN'S ANNUAL REPORT FOR 2019

Chairman's Report to the Annual General Meeting 16 May 2019

1. Introduction

- a. On behalf of the Exco and the other Forum members I would like to welcome everyone to our 12th Annual General Meeting ("AGM"). This is the first year that I am hosting the AGM as Chairperson of the Exco. I thank the forum for the privilege to do so. It has been an interesting and challenging year and has flown by very quickly. Regrettably, the South African market has remained sluggish this last year unlike many of the international markets. Our attention this year remained drawn to the regulatory environment. In particular that relating to the proposed changes to the debt listing requirements. In addition, we were able to canvas the members of the Forum to look at the Forum's strategy going forward.
- b. 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.
- c. We are also required to elect the office bearers of the Forum for the following year.
- d. Furthermore, we will also report back on our financial position.

2. Despite continued difficult conditions and subdued market activity, 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 the past year. 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. After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. According to the International Monetary Fund (IMF), global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020.
- b. The Global Economy experienced a decline due to an increase in trade tensions and tariff hikes between the United States and China, a decline in business confidence, a tightening of financial conditions, and higher policy uncertainty across many economies. Against this global backdrop, a combination of country- and sector-specific factors further reduced momentum in growth.
- c. The IMF has lowered South Africa's projected GDP growth rate for 2019 from 1.4% to 1.2%, putting the country among the worst performers in Sub-Saharan Africa. Projected GDP expansion for 2020 has also been lowered from 1.7% to 1.5%. This puts the IMF's growth projections slightly lower than what was recently published by the SA Reserve Bank. In late March 2019, the central bank announced that it expected SA's GDP growth for 2019 to average 1.3%, down from the bank's January projection of 1.7%. The bank's forecast for 2020 was 1.8%, down from 2.0%. At a growth rate of 1.2%, SA's economic expansion would still be above the 0.8% level at which the economy expanded in 2018, but this remains well below the average on global standards. There remains political uncertainty as SA faces elections in May 2019. Whilst the movement in the Rand has been largely dominated by global events, the local unit will be influenced by the outcome of the elections. After an initial repo rate increase of .25 basis points at the end of 2018, rates have remained stable, and again depending on the political stability in the country, are expected to remain flat for the year. Moody's is currently the only major ratings agency that has South Africa in investment grade, one notch above junk, with a stable outlook. The elections will also have an impact on this rating.

4. Global and European Securitisation Industry

- a. The past year was an active one in the structured finance markets, with over \$1 trillion equivalent issued across the globe. This represented more than a 10% growth on a year-on-year basis. The U.S., Canada, China, Europe and Japan all showed volume increases, while issuance in Australia and Latin America declined. Australia though was off an extremely high base and its issuance was still very high in the circumstances. (2017 saw a 75% increase to \$45 bn; issuance in 2018 was down at \$32bn).

- b. Some potential factors that could affect the continued global recovery of structured finance include the renegotiation of existing trade agreements, the uncertainty around Brexit, rising interest rates, and any market volatility that could potentially affect liquidity. Despite these potential risks, it is believed that the international structured finance markets are unlikely to be negatively affected over the near term. Projections are for issuance volumes to increase or at least remain at the same \$1 trillion mark.
- c. On 1 January 2019, the new EU Securitisation Regulation began to apply and is going to be completed within 2019. The Regulation sets out the rules for all securitisation transactions and creates a framework for simple, transparent and standardised securitisation (“STS”). The Regulation is both complex and far-reaching, and contemplates serious consequences for failure to comply and applies to originators, sponsors, original lenders and issuers.
- d. Ratings in European RMBS and ABS deals remained strong from a credit perspective, seeing more upgrades than downgrades, particularly in Q4 2018.
- e. Securitisation issuance in 2018 was Euro269 bn an increase of 14% from last year. In Q4 2018, EUR 88.4 bn of securitised product was issued in Europe, an increase of 64.0% from Q3 2018 (EUR 53.9 bn) and an increase of 19.3% from Q4 2017 (EUR 74.1 bn). The significant quarterly increase was in part in anticipation of the entry into force on 1 January 2019 of the STS securitisation regime- for which many technical standards are yet to be finalised. It should be noted that in 2019 to date, public issuance has fallen sharply. European ABS issued to date according to market analysts, represents the slowest start to the year since 2009. The delay in approval by the EU public authorities of key elements of the new securitisation framework is clearly a factor.
- f. European asset backed commercial paper (ABCP) issuance increased on a year-on-year basis with multi-seller conduits continuing to dominate the ABCP market (particularly in France and Ireland in the fourth quarter 2018).

5. Local Conditions

- a. The securitisation industry in South Africa remained fraught with difficulties. South Africa experienced weak economic growth, with many political challenges including the problems facing cash strapped public entities, as well as continued uncertainty in the regulatory environment. This year has also seen a run-up to national elections, which in itself brings major uncertainty.

- b. In 2018 securitisation issuance once again was marginal with no real increase from the previous year. Very few bank originated transactions came to market. These included home loan and auto originated transactions. The real activity (be it some smaller transactions) all came from non-bank originators. Issuance to date in 2019 amounts to R4bn, much the same as last year at this stage. Most of the ABCP programmes are now closed. Only one programme remains active with regular issuance. Securitisation techniques are being used to structure deals for private placement purposes which are not all revealed in the market place and do not therefore appear in the deal statistics.

- c. In summary, the securitisation market remains subdued in South Africa unlike the rest of the world. It does however, lend itself to a useful funding source. There remains a disconnect between issuers and funders and it would be good for the market if the needs of both could be matched.

6. Legal and Regulatory Developments

- a. The Forum had extensive participation in the legal and regulatory environment this year. The BASA technical working group continued to work closely with the Forum. The sub-committee's proposal setting out the deficiencies in the Securitisation Exemption Notice was presented to the BASA working group and was incorporated into a submission presented to SARB. The new Securitisation Framework will be implemented in South Africa from 1 April 2020 and draft legislation is expected to be available for comment later in 2019. There appears to have been a long delay as we were expecting finalisation of the amendments more than a year ago.

- b. The Forum continued to engage with the JSE with regard to our members' concerns on the approval and listings process. Despite the amendments in October 2017, new proposed amendments were again introduced in 2018. These predominately dealt with the proposed introduction of an investor representative, enhanced corporate governance requirements and directors' liability as well as the introduction of a professional debt segment. Following a great number of submissions from the market (including a submission from the Forum) objecting to the proposed amendments, the JSE hosted an industry workshop in January 2019 chaired by Prof. Michael Katz from, ENS. Subsequent to the workshop the JSE requested a further meeting with the Forum and requested the Forum (represented by Hendrik Ackermann and myself) to fully explain the concept of securitisation as well as answer the questions that they wanted answered concerning the practical application of securitisation in general. We believe that the workshop was a good initiative on behalf of the JSE. The JSE after considering the findings of the workshop has now

published a new set of draft Debt Listings Requirements for public comments by mid-June 2019.

- c. The Forum has engaged with new players in the Exchange space. We look with favour on seeing competition in the debt listing market.

7. Exco changes and other matters impacting the Forum

- a. This year, in line with the Constitution, saw the introduction of a new Chairperson and Deputy Chairperson. Bertus Korb, the Deputy Chairperson subsequently relocated and his position was filled by Olivia Ferreira. We also saw a change in the Treasurer, with Lizelle Fivaz leaving her place of employment. She was replaced by Khadija Khan. The changes in Exco are reflected below –

E Deiner (Chairman) - Appointed 15 May 2018

F Otto - Resigned 1 August 2018

B Korb - Resigned 1 November 2018

O Ferreira (Deputy Chairman) - Appointed 1 November 2018

L Fivaz - Resigned 1 December 2018

K Khan (Treasurer) - Appointed 1 December 2018

- b. Membership in the Forum remains good. Although we lost membership by OMSFIN and Futuregrowth, Ashburton rejoined the Forum in September 2018 and since the financial year end, Ernst & Young has become a member and Centrafin is in the process of applying for membership. This will take our membership up to 30 members.

8. Other matters

- a. This year saw the desire by members to renew the focus of the forum and to ascertain if the forum requires some change. The members were asked for input into any strategic changes they believed should be made to the Forum. These were addressed in the last two Exco meetings which concentrated on ideas regarding changes to the Forum.
- b. It was generally believed that the Forum has a role to play in this market and that no other forum in the market takes into account the interest of the securitisation market.
- c. It was suggested that the Forum takes on a more pro-active role in helping to shape the market, whether this is from a legal, regulatory, tax or accounting point of view.
- d. In addition, it is suggested that the Forum ensures that it is responsible for vehicles that are established in terms of the CP regulations as well as

the securitisation regulations. In other words covers the whole ABS market and not just pure securitisations.

- e. One way to be more influential in the market and to create awareness in the market is through education. The Education and Communication sub-committee has been expanded to cater for this.
- f. The UCT course on Securitisation was not held in September 2018 due to the drop in interest as well as key speakers not being available. This led the sub-committee to relook at its stance on education particularly keeping in mind that the IMF conference has not been run for a few years. The sub-committee has increased its members and is looking at ways of expanding its influence into the markets. One of the ways it has identified is to offer more regular training to market players. This will include cash flow modelling training and a legal overview on securitisation to begin with.

9. Concluding Remarks

- a. In conclusion I thank everyone for their contribution to the suggestions to revive the Forum. We have taken all comments into consideration and will continue to implement these in the year to come. 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.
- b. Finally, I want to personally thank all the members of the Exco for their hard work, patience and dedication to the Forum. A special word of thanks goes to the Deputy Chair and the Chairs of the various sub-committees who have kept the interests of the Forum at the forefront. 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 commitment to keeping the Forum on track. Without her weekly drive and efforts we would not reach the high governance standards achieved by the Forum, nor would be able to achieve the objectives of the Forum.

Thank you.

Evelyn Deiner
Chairperson, South African Securitisation Forum
16 May 2019



SOUTH AFRICAN
SECURITISATION FORUM

**PRESENTATION AND ADOPTION OF
FINANCIAL REPORT FOR 2018/2019 AND
BUDGET FOR 2020**

SASF AGM - 16 May 2019

TREASURER'S REPORT- AGM

Financial statements for year ended 28 February 2019

- The Annual Financial Statements have been drafted by Nolands.

Financials and cash position for the 2018/2019 year

- Refer to cash flow statement for budgeted versus actual results for the 12 month period from 1 March 2018 to 28 February 2019.
- Cash position remains positive as at 28 February 2019.

Membership fees

- The membership fee for the year ended February 2019 was set at R15, 000 and remains the same level as 2014/15.
- Actual members (29) are in line with budgeted (29). Refer to the membership report. The following is noted:
 - As at 28 February, R 412,500 has been received from members.
 - Ashburton re-joined towards the end of September, therefore their membership fees will be prorata to R7, 500, which have been settled in full.
 - Outstanding membership fees amount to R 15,000 in the current year and have been treated as a bad debt in the financial statements.

Budget for 2019/2020 year

- Refer to table 2 *Cash flow statement – actual for FY 2019 compared to budget for FY 2020* for assumptions used in setting the FY 2020 budget.
FY 2020 budget to be approved at the AGM.

1. Cash Flow Statement – Actual from 1 March 2017 to 28 February 2018 compared to Budget from 1 March 2017 to 28 February 2018

SOUTH AFRICAN SECURITISATION FORUM				-
BUDGET VS ACTUAL RESULTS - 1 MARCH 2018 - 28 February 2019				-
Income Statement:	Actual	Budget	Variance	Comments on variance between actual YTD and budgeted YTD
	FULL YEAR 28/02/2019	FULL YEAR 28/02/2019	At 28/02/2019	
Income	459,381	459,314	67	
Interest	31,881	31,814	67	As expected
Membership Fees	427,500	427,500	-	Relates to outstanding membership fee. Refer bad debts.
Expenses	515,784	478,213	37,571	
Auditors	13,685	16,163	-2,478	Decrease as a result of prior year work performed by the auditors for change in public officer.
Bank charges	2,212	2,214	-2	As expected
Website design, maintenance costs	76,781	49,660	27,121	The increase due Laptop and software upgrade
Consulting secretarial fees	337,870	337,870	-	As expected
Sundry office costs	9,972	22,411	-12,439	Lower cost of AGM and day to day running costs
Travel	16,536	15,440	1,096	Increase due to increased cost of air fare.
Bad debts	15,000	-	15,000	Relates to outstanding membership fee written off.
General provision - contingency	43,728	34,455	9,273	Legal opinion obtained on King IV and Securitisation SPV's
Profit/(loss) before tax	-56,403	-18,899	-37,504	
Tax		-	-	
Profit/(Loss) after tax	-56,403	-18,899	-37,504	
Cash at Beginning of the year	514,509	514,509		
Add: Net income over expenses	-56,403	-18,899		
Closing cash balance	458,106	495,610		

2. Cash Flow Statement – Actual from 1 March 2018 to 28 February 2019 compared to Budget from 1 March 2019 to 28 February 2020

SOUTH AFRICAN SECURITISATION FORUM				
BUDGET FY 20 VS ACTUAL RESULTS FY 19				
Income Statement:	Budget	Actual	Increase	Comments on variance between actual YTD and budgeted YTD
	FULL YEAR 28-Feb-20	FULL YEAR 28-Feb-19	for 2020	
Income	481,814	459,381		
Interest	31,881	31,881	0%	Maintain at FY 2019 actual
Membership Fees	450,000	427,500	0%	Fee remains the same as prior year, membership numbers have increased (expected 30 members)
Expenses	462,921	515,784		
Auditors	14,506	13,685	6%	Increase by 6% on FY 2019 actual
Bank charges	2,345	2,212	6%	Increase by 6% on FY 2019 actual
Website design, maintenance costs	58,140	76,781	6%	As approved, less once off expenditure
Consulting secretarial fees	359,832	337,870	6.5%	6.5% as approved, provision included for bonus
Sundry office costs	10,570	9,972	6%	Increase by 6% on FY 2019 actual
Travel	17,529	16,536	6%	Increase by 6% on FY 2019 actual
General provision - contingency	-	58,728		None expected
Profit/(loss) before tax	18,960	(56,403)		
Tax	-	-		
Profit/(Loss) after tax	18,960	(56,403)		
Cash at Beginning of the year	458,106	514,509		
Add: Net income over expenses	18,960	(56,403)		
Closing cash balance	477,066	458,106		



**The South African Securitisation Forum
Annual Financial Statements
for the year ended 28 February 2019**

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2019**

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)	Appointed 15 May 2018
O Ferreira (Deputy Chairman)	Appointed 1 November 2018
K Khan (Treasurer)	Appointed 1 December 2018
D Towers	
B Harmse	
M Veller	
R Kelso	
N Zeelie	
S Howie	
R Roothman	
J Martin	
D Eraman	
N Gunning	
L Marais	
L Dirker	
H Ackerman	
B Warnasuriya	
D Govender	
R Thanthony	
S Koert	
C Williams	
D Toerien	
L Fivaz	Resigned 1 December 2018
F Otto	Resigned 1 August 2018
B Korb	Resigned 1 November 2018

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**

2019 Index

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

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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 16 May 2019 and were signed on its behalf by:

Chairman

Deputy Chairman

Johannesburg

16 May 2019

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 2019, 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 2019 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. 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 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). 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.

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.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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
16 May 2019

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position

Figures in Rand	Note(s)	2019	2018
Assets			
Current Assets			
Cash and cash equivalents	2	458 106	514 509
Total Assets		458 106	514 509
Funds and Liabilities			
Funds			
Accumulated funds	3	448 106	505 329
Liabilities			
Current Liabilities			
Accounts payable	4	10 000	9 180
Total Funds and Liabilities		458 106	514 509

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2019

Statement of Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Revenue	5	427 500	435 000
Operating expenses		(516 604)	(420 872)
Operating (loss) / profit		(89 104)	14 128
Investment revenue	6	31 881	31 814
(Loss) / profit before taxation		(57 223)	45 942
Taxation	7	-	-
(Loss) / profit for the year		(57 223)	45 942

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February
2019 Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash (used in) / generated from operations	8	(88 284)	13 188
Interest income		31 881	31 814
Net cash from operating activities		(56 403)	45 002
Net cash movement for the year			
Cash and cash equivalents at the beginning of the year		514 509	469 507
Cash and cash equivalents at the end of the year	2	458 106	514 509

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February
2019 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 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	458 106	514 509
3. Accumulated funds		
Opening balance	505 329	459 387
(Loss) / profit for the year	(57 223)	45 942
	448 106	505 329
4. Accounts payable		
Trade payables	10 000	9 180
5. Revenue		
Membership fees	427 500	442 500
6. Investment revenue		
Interest received		
Bank	31 881	31 814
7. 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.		
8. Cash (used in) / generated from operations		
(Loss) / profit before taxation	(57 223)	45 942
Adjustments for:		
Interest received	(31 881)	(31 814)
Changes in working capital:		
Accounts payable	820	(940)
	(88 284)	13 188

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2019**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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9. 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.

10. 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 2019

Detailed Income Statement

Figures in Rand	Note(s)	2019	2018
Revenue			
Membership fees	5	427 500	435 000
Other income			
Interest received	6	31 881	31 814
Operating expenses			
Auditors' remuneration		14 505	15 248
Bad debts		15 000	-
Bank charges		2 212	2 089
Consulting fees paid		337 870	318 747
Legal expenses		43 728	-
Sundry office costs		9 972	21 142
Travel - local		16 536	14 566
Website and computer costs		76 781	49 080
		516 604	420 872
(Loss) / profit before taxation		(57 223)	45 942
Taxation	7	-	-
(Loss) / profit for the year		(57 223)	45 942



APPROVAL OF 2019/2020 MEMBERSHIP FEES



REPORTS FROM THE SUB-COMMITTEES



Annual Report of the Legal & Regulatory Sub-Committee of the South African Securitisation Forum for the 2018/2019 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 4 (four) formal sub-committee meetings were held during the term, namely in August and November 2018 and in February and May 2019. All the meetings were well attended.

2. Overview of the sub-committee’s 2018/19 activities

2.1 BASA initiatives

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 making a contribution to the workings of this task group.

2.1.1 Securitisation Regulations and inclusion of a framework for simple and transparent securitisations

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. The new Securitisation

Framework will be implemented in South Africa from 1 April 2020 and draft legislation is expected to be available for comment later in the 2019.

2.2 JSE Debt Listings Requirements

The regulatory agenda for 2019 thus far has been dominated by the proposed amendments of the JSE Debit Listing Requirements and a significant effort has gone into providing constructive comments as well as engaging with the JSE.

The Committee submitted a comprehensive document with comments to the JSE in November 2018. The comments dealt primarily with the Forum's concerns relating to:

1. The proposed introduction of an investor representative;
2. Enhanced compulsory corporate governance requirements (King IV) and directors liability; and
3. The introduction of a professional debt segment.

The JSE held an industry workshop on the 17th of January 2019 to discuss the proposed amendments. The Forum was represented by Evelyn Deiner, David Towers and Hendrik Ackermann. Other attendees were representatives of the JSE, ASISA, BASA, the DIA, law firms, Issuers and National Treasury. The session was chaired by Prof. Michael Katz from ENS. It was a useful day and the key take away from a securitisation perspective was that there is a general acknowledgment that securitisation Issuers should be treated differently most notably as far as compliance with King IV is concerned. Other key take aways from the meeting were:

1. The JSE considers that its primary mandate is to protect investors based on reference to the Financial Markets Act hence an investor bias iro the proposed amendments;
2. It is clear that the introduction of the proposed investors representative is driven by investors and is something they feel strongly about. There is still a strong feeling amongst investors that arrangers do not fulfil their role in ensuring that investors comments on documentation are considered fairly;
3. Concerns regarding failed governance practices at SOC's and failed corporate drove the enhanced corporate governance practices and proposed changes are something investors feels strongly about;
4. The Chairman was of the view that enhanced regulation and corporate governance is necessary, but it must be balanced and cost effective and that international best practice in bond markets is helpful but not conclusive;
5. There was extensive discussion on loan markets and, loan vs bond terms. Investors feel that banks in the loan market have superior rights, can act earlier based on loan covenants and have better information. They are also of the view that Investors can't generally call meetings and have no central point of contact or legal representation in the event of default/ work-out; and

6. A discussion of the Professional Debt Segment concluded that more work is required to make this proposed market viable and the JSE was willing to engage as was ASISA.

The JSE has now published a new set of draft Debt Listings Requirements for public comments by mid-June 2019:

1. The JSE will no longer require a directors declaration (Schedule 5) in which the director provides certain personal information and agrees to comply with the Listings Requirements;
2. The mandatory requirement for an investor representative has now been replaced by a requirement for issuers to appoint a compliance officer. This compliance officer will have specific and prescribed responsibilities owed to investors which will amongst other deal with (i) a transparent process dealing with comments from investors with an obligation to report to the JSE that these processes have been followed, (ii) monitoring compliance with the terms and conditions of the placing document and notifying holders of debt securities via SENS of any non-compliance, (iii) monitoring and announcing on SENS when all the conditions to the issue of debt securities have been fulfilled, waived or deferred, (iv) notifying holders of debt securities via SENS of any actual or potential default under the placing document and/or security documents and (v) allowing access to holders of debt securities to the register of holders of debt securities of the issuer.
3. They have heard the concerns raised that the proposed amendments do not clearly distinguish between different listed instruments and the specific requirements that needs to be applicable to each. For example, it is now acknowledged that the King IV Corporate Governance requirements are not suitable to be applied to securitisation.

2.3 Proposed Directive in relation to the Commercial Paper Regulations

The SARB published a draft directive in terms of the Banks Act in terms of which they express their view that the Commercial Paper Regulations was intended only for traditional corporate issuers to raise operating capital. Ostensibly they are of the view that SPV issuers are required to issue commercial paper to the public in terms of the Securitisation Regulations or not at all.

BASA met with the SARB in February 2018 to discuss the draft directive and has submitted a detailed response with comments and suggestions to SARB. SARB has expressed a willingness to engage on the matter and has not published a final directive. We understand that work has commenced in drafting a new set of Commercial Paper Regulation and that a draft for comment will be published towards the end of 2019 or beginning 2020.

3. Outlook and Conclusion

In conclusion, 2019 will continue to be a busy year on the legal and regulatory front. The amended JSE Debt Listing Requirements are expected to be finalised in the 4th quarter of 2019 and a draft new securitisation framework will be published for comments shortly with an implementation date of April 2020.

A lot more work and time is still needed to fully restore market confidence in securitisation as a genuine and legitimate funding product.

I thank you all in anticipation for your contribution thereto.

Hendrik Ackermann
Chairperson
May 2019



REPORT OF THE COMMUNICATION AND EDUCATION SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE 2018/2019 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 2017 Securitisation Course, held in conjunction with UCT, was very successful, however, despite the intention to hold it again in September 2018, interest in the course in 2018 dropped significantly and ultimately did not warrant offering it. Further, for various reasons, certain key speakers were not available to present their topics in 2018.

After much deliberation and having considered various options, the sub-committee decided against holding the course in 2018.

We will keep the Forum updated on when we believe it will be useful to run the course again but it will not be held in 2019.

IMN African Capital Markets Conference

The conference has not been held since 2016 and it remains unclear when it will be held again.

Reconstitution of the Sub-Committee

During the year a decision was made to reconstitute the sub-committee in order to expand its reach and influence in the capital markets and to enable it to be more inclusive of parties in the industry.

The members were increased to 10.

The sub-committee decided to have more regular training offerings and a greater presence in the market. We agreed to offer cash flow model training which would be provided by Standard Bank off the back of its existing platform to clients. We would attempt at engaging with Moody's free credit training to see if our members could piggyback on this. A legal overview of securitisation was also to be offered by Werksmans in conjunction with the cash flow presentations. These training sessions would be offered at various junctures throughout the year and would be aimed primarily, though not exclusively, at Investors.

Certain members undertook to engage with the asset consultants to educate them on securitisation structures and to encourage them to recommend and support investment into securitisation structures.

An outreach to the regulators, such as the PA, FSCA and the JSE and any new exchanges, would also be made a priority.

The ultimate aim is to expand the base of parties interested in and knowledgeable of securitisation and other ABS structures in order to grow the market.

The reconstituted sub-committee is in its infancy and will provide the Forum with regular updates on their approach and progress.

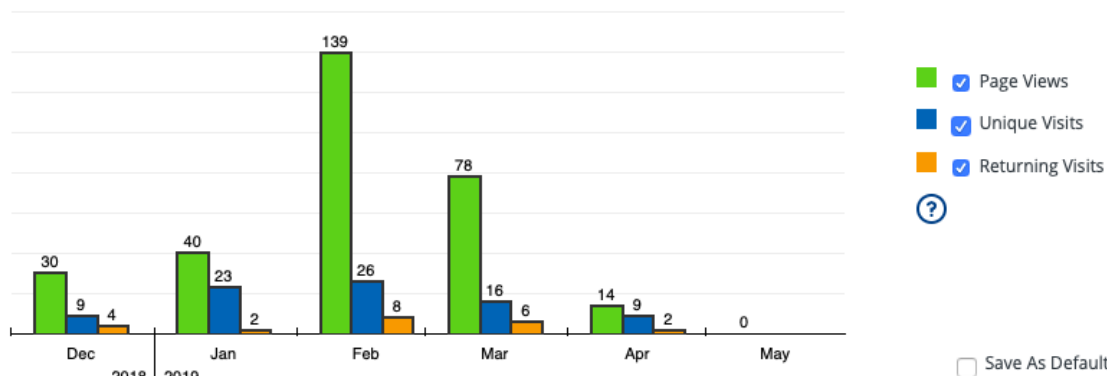
COMMUNICATION:

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.

SASF website usage up to 2 May 2019.

Monthly ◻ << < > >> - + 📅 1st Dec 2018 — 1st May 2019 ◻



Average Monthly Page Views: **50.2** |
 Average Monthly Unique Visits: **13.8** |
 Average Monthly First Time Visits: **10.2** |
 Average Monthly Returning Visits: **3.7**
Export

	Page Views	Unique Visits	First Time Visits	Returning Visits
+ May 2019	0	0	0	0
+ Apr 2019	14	9	7	2
+ Mar 2019	78	16	10	6
+ Feb 2019	139	26	18	8
+ Jan 2019	40	23	21	2
+ Dec 2018	30	9	5	4
Total	301	83	61	22

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 2 May 2019

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 5 – SA Homeloans
February 2019

Fox Street 1 (RF) Ltd – Investec
June 2018

Fox Street 2
February 2019

Fox Street 3
February 2019

Greenhouse III – Nedbank
January 2019

Nqaba Finance 1 - Eskom Finance Company (EFC)
February 2019

Thekwini Funds- SA Homeloans
Thek 9: April 2019
Thek 10: Closed – last report July 2017 - archived
Thek 11: Closed – last report July 2018 - archived
Thek 12: February 2019
Thek 13: February 2019
Thek 14: February 2019
Thek 15: February 2019

Commercial Mortgage-Backed Securitisation

Precinct Funding 2 (RF) Limited - Nedbank Capital
January 2019

Asset-Backed Securitisations

SA Securitisation Programme (previously Equipment Rentals Securitisation) - Sasfin Bank
Series1
February 2019

Series 2
February 2019

Series 3
February 2019

Asset-Backed Securitisations - Autos

Nitro Securitisation 5 (Pty) Ltd – Wesbank
September 2018 – email sent on 11 April 2019 requesting updated reports – no response as of yet.

Nitro Securitisation 6 (Pty) Ltd – Wesbank
March 2019

SuperDrive Investments (Pty) Ltd - BMW FS securitisation - Standard Bank
February 2019

Torque Securitisation (RF) Limited – RMB
February 2019

Transsec (RF) Limited
February 2019

Transsec 2 (RF) Limited
February 2019

Transsec 3 (RF) Limited
January 2019

ABCP Conduits

Inkotha Investments (Pty) Ltd - Firststrand Bank
March 2019

Ivusi Investments (Pty) Ltd - Firststrand Bank
March 2019

Thekwini Warehousing Conduit - SA Homeloans
March 2019

Synthetic Securitisations

Micro-Lending Receivables

Note:

For Fox Street reports:

[https://www.investec.com/en_za/financing-for-corporates-and-institutions/capital-markets/debt-capital-markets/fox-street2\(RF\)Limited.html](https://www.investec.com/en_za/financing-for-corporates-and-institutions/capital-markets/debt-capital-markets/fox-street2(RF)Limited.html)

https://www.investec.com/en_za/corporate-lending/capital-markets/debt-capital-markets/fox-street-1-ref-limited.html[https://www.investec.com/en_za/financing-for-corporates-and-institutions/capital-markets/debt-capital-markets/fox-street3\(RF\)Limited.html](https://www.investec.com/en_za/financing-for-corporates-and-institutions/capital-markets/debt-capital-markets/fox-street3(RF)Limited.html)

Annual Report of the Membership Sub-Committee for the 2018/2019 year

SASF membership as at 28 February 2019 stands at 28.

The Executive Committee resolved to maintain the annual membership fees at R15,000 per member. The fees received for 2018/2019 totalled R412 500.

Member resignations over the past financial year

- (OMSFIN) Old Mutual Specialised Finance (Pty) Ltd
- Futuregrowth Asset Management SA

Members joined during the past financial year:

- Ashburton Investments

Members joined since 1 March 2019 bringing the membership at the date of the AGM to 29.

- Ernst & Young Inc

Potential membership

- An approach would be made to Futuregrowth Asset Management SA to reconsider their membership with the Forum.
- Centrafin are in the process of applying for membership.

SA Securitisation Forum Members
ABSA Capital
Allen & Overy LLP
Ashburton Investments
Bayport Securitisation (RF) Limited
BMW Financial Services (SA)(Pty)Ltd
Bowman Gilfillan
Cliffe Dekker Hofmeyr Inc
Deloitte & Touche
ENS
Hogan Lovells (South Africa)
Investec Asset Management SA
Investec Bank Limited
KPMG Inc
Maitland Group South Africa Limited
Nedbank Capital
PricewaterhouseCoopers
Quadridge Trust Services (Pty) Ltd
Quince Capital
Rand Merchant Bank
SA Home Loans (Pty) Limited
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
Webber Wentzel
Werksmans Inc

Nick Gunning
May 2019



ELECTION OF OFFICE BEARERS FOR 2019/2020



GENERAL

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