



**SOUTH AFRICAN
SECURITISATION FORUM**

SASF ANNUAL GENERAL MEETING

**THURSDAY 22 MAY 2014 11H45 AT
JOHANNESBURG COUNTRY CLUB,
WOODMEAD, SANDTON
(Cnr Lincoln Road & Woodlands Drive)**

THE HEDGEHOG ROOM



INVITATION

Annual General Meeting

Date : Thursday 22 May 2014

Venue : The Country Club Johannesburg
Corner Lincoln Road & Woodlands Drive
Woodmead. Sandton.

The Hedgehog Room – ID Function No 012287

Time : 11h45 – 13h30

Tea and coffee will be served at 11h30 and a finger lunch will follow the meeting.

For catering purposes it would be appreciated if you could please confirm your attendance at your earliest convenience.

Please advise should you have specific dietary requirements

RSVP

Secretary: Pat Benbow-Hebbert
Tel/Fax : (021) 794 5480 / 083 457 5260
Email : pbhebbert@mweb.co.za



**SOUTH AFRICAN
SECURITISATION FORUM**

WELCOME AND APOLOGIES

Welcome



ADOPT AGENDA

SOUTH AFRICAN SECURITISATION FORUM
SEVENTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 22 MAY 2014
AT 11H45
AT THE JOHANNESBURG COUNTRY CLUB, WOODMEAD, JOHANNESBURG.
CORNER LINCOLN ROAD & WOODLANDS DRIVE, WOODMEAD, SANDTON
THE HEDGEHOG ROOM – Event ID 012287

AGENDA

11h30 Tea and coffee will be available

11h45

1. Welcome and Apologies
2. Adopt agenda
3. Approval of the Minutes of the Annual General Meeting held on 16 May 2013
4. Matters arising
5. Presentation and adoption of Chairman's Annual Report for 2014
6. Presentation and adoption of Financial Report for 2014
7. Budget for 2015
8. Membership Fees – 1 March 2014 to 28 February 2015
9. Reports from sub-committees
 - 9.1 Legal & Regulatory - Hendrik Ackermann
 - 9.2 Communication & Education/Investors - Jana Kershaw
 - 9.3 Tax & Accounting - Brendan Harmse
 - 9.4 Membership - Armine Schaefer
10. Election of Office Bearers for 2014/15
11. General

The meeting will be followed by a finger lunch.



**SOUTH AFRICAN
SECURITISATION FORUM**

APPROVAL OF PREVIOUS MINUTES

MINUTES OF THE SIXTH ANNUAL GENERAL MEETING

**HELD ON THURSDAY 16 MAY 2013 AT 11H30 AT INVESTEC BANK, 100 GRAYSTON DRIVE, SANDOWN,
SANDTON**

1. WELCOME & APOLOGIES

The Chairman, Brendan Harmse, welcomed all those present. A total of 34 persons (1 on telecom), including members and their guests were in attendance. He thanked Investec Bank for hosting the event.

Apologies were received from:

Richard Roothman	Werksmans
Prasanna Nana	ABSA Capital
Shaun Ramsamuj	ABSA Capital
Valene Fredericks	BMW Finance
Andre Pottas	Deloitte & Touché
Adela Kamdar	Deloitte & Touché
Amrisha Krishna	Deloitte & Touché
Nazrien Kader	Deloitte & Touché
Sihlalo Jordan	Deloitte & Touché
Lesley Wallace	Deloitte & Touché
Zendi Dunne	Deloitte & Touché
Jill van Aswegen	Deloitte & Touché
Glen Christopulo	Fintech (Pty) Ltd
Sharyn Zall	Investec Bank
Karin Rathbone	KPMG
Lesley Isherwood	KPMG
Braam Jordaan	MMI Holdings
Adel Staple	Nedbank
Pierre Swart	Norton Rose SA
Bertus Korb	Quince Capital
Nicola Corry	RMB
Dhesegan Govender	Sasfin Bank
Gary Kaveberg	Sasfin Bank
Freddy Magoro	Sanlam Capital Markets
Andrew Millard	Via Capital
Tom O'Connell	IEMAS
Nuraan Sulaiman	OMIGSA
Kate Rushton	Stanlib
Kurt van Staden	Maitland Group

2. APPROVAL OF MINUTES OF THE FIFTH MEETING

The minutes of the fifth annual general meeting which were previously circulated, were tabled. In the absence of comments from the floor, approval of the minutes were proposed by Tim Fearnhead and seconded by Leslie Nagan. The minutes were approved for signature by the Chairman.

3. MATTERS ARISING

The Chairman reported that the application for tax exemption from SARS had yet to be confirmed in writing.

A partial refund of R45 000 in penalties and interest has been received from SARS. Once the official decision in writing has been received the Forum will appeal the SARS ruling that not all penalties are refundable, since it was their delay in dealing with the Forum's application for exemption had that led to the penalties.

4. PRESENTATION & ADOPTION OF CHAIRMAN'S ANNUAL REPORT

The Chairman presented his Report.

He mentioned that the purpose of the AGM was to report back to stake-holders on the achievements, opportunities and challenges faced during the year, and to have a look to what might lie ahead in the future.

Ultimately, the AGM was about engaging in open dialogue, to hear from the stakeholders if EXCO had fully met the objectives as set out in the constitution, and to listen to suggestions the stakeholders might have. He said that the growing number of attendees boded well for the future of the Forum despite some of the current regulatory and market pricing challenges being faced.

The Chairman thanked the EXCO members for their time and support during the past year specifically Hendrik Ackermann – Chairman of the Legal & Regulatory sub-committee, Sharyn Zall –vice Chairman of the Forum and the secretary, Pat Benbow-Hebbert .

It was noted that the Forum continued to function generally well. No questions were raised and Hendrik Ackerman proposed the Chairman's report be adopted for inclusion in the minutes. This was seconded by John Martin. The proposal was approved.

5. PRESENTATION & RATIFICATION OF FINANCIAL REPORT FOR THE 12 MONTHS ENDED 29 FEBRUARY 2013.

The Financial Reports as included in the pack for the AGM had been approved at the EXCO meeting held prior to the AGM.

The Chairman pointed out that a surplus of approximately R160,000 vs. the 2012/13 budget resulted from penalties and interest received back from SARS not budgeted for, website development budgeted for but not implemented and a remaining contingency fund of some R46,000 after payment of legal fees.

The EXCO recommended that annual membership fees of R15 000 remain unchanged. As the Forum operates on a break even basis this amount should cover the budgeted basic operating costs of the Forum for the coming year. However, should it become necessary to acquire additional funds for specific projects, a second round of fees would be raised subject to members approval.

No questions were raised.

A request to approve the 2012/13 audited financial statements and the proposed 2013/14 budget (as included in the AGM pack and to be attached as part of these minutes) and membership fees for the year ahead was tabled and approved. The afore-going was proposed by Rob Kelso and seconded by Armine Schaefer.

The execution set of financials was signed by the Chairman and the Secretary. These would be forwarded to the auditors.

6. MEMBERSHIP FEES

The secretary would issue invoices of R15 000 in respect of fees for the 2013/2014 financial year to the members.

7. PRESENTATION OF REPORTS FROM SUB-COMMITTEES

The various reports were tabled and were attached as part of the AGM pack. The reports, together with the Financials, would be reflected on the SASF website.

Nelis Zeelie raised the possibility of whether UCT would consider holding the annual Securitisation Course in Johannesburg as well as Cape Town. He felt that the costs involved in the transport and accommodation for attendees was becoming quite significant.

The Chairman noted the request for further investigation.

No further issues were raised.

Approval of and for all sub-committee reports to be incorporated into the minutes was called for. These were approved following a proposal by Louis Dirker as seconded by John Martin.

8. SECURITISATION ISSUANCE GUIDELINES

The latest draft of the Issuance Guidelines was included in the AGM pack and additional comments and suggestions have been called for by the Chairman. The workgroup led by Sharyn Zall would get together the week after the AGM and finalise the document for further discussion with ASISA's Bondcom.

9. ELECTION OF THE EXECUTIVE COMMITTEE FOR 2013/2014

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

- a) The Treasurer, Vishala Dilsook resigned from Fintech and was replaced on EXCO by Lourandi Kriel.
- b) Morne du Plessis took over the Chair of the Tax & Accounting sub-committee from Kumeshnee Singh in an acting capacity whilst she was on maternity leave.

- c) Karen Couzyn resigned as Webber Wentzel ALN's representative on EXCO and was replaced by Neville Krige.
- d) Jill van Aswegen replaced Cathryn Emslie as Deloitte's representative on EXCO.

It was noted that:

- a) Michelle Rosen would not be available to continue serving as chairperson of the Education and Communication sub-committee but is available to remain on EXCO as an investor representative.
- b) Prasanna Nana would step down as Absa Bank representative and will be replaced by Walter Green.
- c) Lourandi Kriel would replace Vishala Dilsook as Fintech's representative.

The following positions for the EXCO were proposed –

Chairman	Brendan Harmse
Deputy Chairman	Sharyn Zall
Treasurer	Jill van Aswegen
Secretary	Pat Benbow-Hebbert
Legal & Regulatory sub-committee	Hendrik Ackermann
Tax & Accounting	Lourandi Kriel
Communication & Education sub-committee	Position to be filled
Membership sub-committee	Armine Schaefer

The remaining existing EXCO members indicated that they were willing to stand for re-election.

There were no further nominations from the floor and Tim Fearnhead proposed that the mentioned individuals be duly elected. This was seconded by Marcu Landman. There were no objections and it was resolved that the mentioned individuals be duly elected.

It was noted that the Constitution of the Forum allowed for 3 investor seats on EXCO. As there was not full investor representation with one spot available after the above approved resolution, John RP Doidge proposed that Jana Kershaw, representing Ashburton Investments (part of FRB Group), be appointed to EXCO. This was seconded by Lesley Nagan. Same was approved by the AGM.

The Chairman thanked Morne du Plessis for stepping in to assist with the Tax & Accounting sub-committee.

10. GENERAL

There were no further questions or comments under general and the Chairman declared the meeting closed.

The meeting was followed by a finger lunch.

CHAIRMAN

DATE

MATTERS ARISING

PRESENTATION AND ADOPTION OF CHAIRMAN'S ANNUAL REPORT FOR 2014



Chairperson's Report to the Annual General Meeting - 22 May 2014

Members of the Executive Committee ("EXCO") of the South African Securitisation Forum (the "Forum"),
Chairpersons of the various Sub-Committees of the Forum,
Colleagues,
Ladies and Gentlemen

1. Introduction

- a) On behalf of the Forum I hereby extend a warm welcome to all of you at our 7th Annual General Meeting ("AGM").
- b) The AGM is an opportunity to report back to you, the stakeholders, on the challenges, activities and achievements of the Forum during the past year, and also to look on what might lie ahead in the coming year. There is also the opportunity to engage in open dialogue and hear from you on whether the Forum's objectives are being fully met and if not, what suggestions you may have in order for us to improve same.
- c) We will also be reporting back to you on the state of the Forum' finances and last, but not least, it is also a time for the election and/or re-election of the Forum's office-bearers for 2014/15. I thus invite you to please participate fully in this AGM by questioning and making practical suggestions of how we can improve the Forum's relevance, effectiveness and efficiency.

2. Summary of the Status of the Forum

- a) I am pleased to report that for the period under review, most areas of the Forum functioned well. Regular EXCO meetings were held to discuss various matters the Forum has been dealing with and to receive reports from the various sub-committees on their activities.

- b) As you are aware, the constitution of the Forum provides that the work of the Forum is carried out through a number of sub-committees namely:
- i. Legal and Regulatory;
 - ii. Education and Communication;
 - iii. Tax and Accounting; and
 - iv. Membership.
- c) The Chairpersons of the various sub-committees will, during the course of this AGM, provide you with a detailed account of what the Forum did to support the securitisation industry in South Africa over the past year.
- d) The finances of the Forum continue to be well managed as you will see from the audited annual financial statements for 2013/14 and the proposed budget for the coming year.
- e) Please allow me, however, to firstly briefly summarise key macro events in the last 12 months, as well as developments in the European and local securitisation industries.

3. Global and Domestic Economic Conditions (1)

- a) It has once again been an eventful year with global and domestic financial markets being impacted by a number of key macro events.
- i. Global economic activity, despite remaining fragile, has maintained a firmer undertone since the 2nd quarter of 2013. However, overall growth momentum slowed somewhat in the 4th quarter of 2013 as growth moderated in inter alia emerging Asian and European countries.
 - ii. The signs of improvement prompted the Federal Reserve in the United States to announce in December 2013 the first cutback in its purchases of securities, reducing the relative attractiveness of emerging-markets exposures. This initially led to heightened market volatility, currency depreciations, heightened inflation, increased interest rates and bond yields, reduced volumes – and a major emerging-market sell-off (even in those countries with large current-account surpluses).
 - iii. The lower pricing trend of emerging market debt, however, more recently recommenced as international investors (especially those longer-term and baby-boomer related) returned looking for opportunities outside of their home market to achieve better yields/returns. In some international markets pricing has improved to levels seen just prior to the credit crisis.

- iv. Although concerns still exists about growth and reforms in some emerging markets, there are many emerging economies that are well positioned to deal with changes in interest rates given strong current accounts, solid growth and proactive Central Banks ready to adjust their own monetary policies. South Africa is unfortunately not one of them.
 - v. The South African economy recorded erratic quarter-to-quarter growth in 2013, with the overall pace of same for the year as a whole a disappointing 1.9%. South Africa's erratic growth pattern could well continue in the first quarter of 2014, with protracted industrial action continuing.
 - vi. Domestically, the result of the emerging-market sell-off was a sharp reversal of portfolio flows, and together with the sizeable deficit on the current account (5.1% of GDP in the 4th quarter of 2013) and ongoing labour strife, it contributed to a renewed depreciation in the ZAR end 2013 and early 2014.
 - vii. To address the resultant inflation risk, the Monetary Policy Committee ("MPC") at its January 2014 meeting increased the repo rate from 5% to 5.5% p.a. – the first change since July 2012, when it was lowered by 50bp.
 - viii. Unsecured lending lost its attractiveness in 2013, while the pace of increase in instalment sale credit and leasing finance slowed in recent months, consistent with the reduced buoyancy of vehicle sales. Growth in mortgage advances picked up slightly but remained subdued.
- b) I touch on the above as same ultimately drive the availability of quality financial assets and the demand for funding, including securitisation funding.

4. Market Conditions and Developments in the European Securitisation Industry (2)

- a) The European securitisation market is still affected by the fallout from the financial crisis and current macroeconomic volatility. Annual placed issuance levels have dropped to €80-90bn from the €450bn of pre-crisis years (2006-2007).
- b) In Q1 2014, €18.5bn of securitised product was issued in Europe, a decrease of 67.1% from Q4 2013 (€56.3bn) and of 43.4% from Q1 2013 (€ 32.7bn). Of the €18.5bn issued in Q1, €13.6bn was placed, representing 73.4%, compared to €21.6bn placed in Q4 2013 (representing 38.3% of €56.3bn) and €16.9bn placed in Q1 2013 (representing 51.8% of €32.7bn).
- c) During the last twelve months, for the first time since the onset of the financial crisis, the tone of the regulatory response towards securitisation has become more encouraging as policymakers increasingly

acknowledge the positive contribution that high quality securitisation can make in helping to restore growth in Europe.

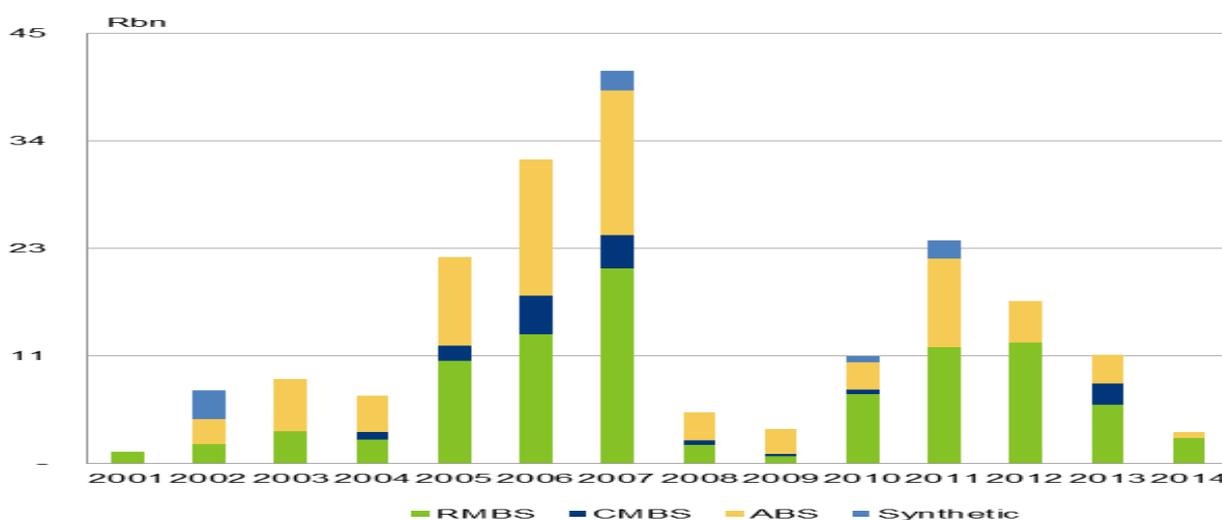
- d) Major regulatory updates in Europe from:
- i. The Basel Committee re capital requirements for bank investors in ABS;
 - ii. The European Insurance and Occupational Pensions Authority (“EIOPA”) on calibration of capital requirements for ABS investment by insurance companies under Solvency 2; and
 - iii. The European Banking Authority (“EBA”) re liquidity requirements;

were published. The final form of these regulatory initiatives will have significant implications on whether Europe’s securitisation market begins to recover or remain at historically low issuance levels.

- e) The Basel Committee re-proposal on ABS capital requirements was a significant improvement on the first proposal; however, the amounts of capital likely to be required even under the revised proposals remain significantly higher than at present. There is growing market concern that the EIOPA adjustments are unlikely to be enough to encourage insurance investors back to the market, or even for those who remain to stay. The EBA report included only RMBS, subject to certain conditions, as a high quality liquid asset. The industry has sought a broader approach.
- f) In addition, important new regulations have emerged with the most significant being the regulation for money market funds proposed in September 2013 by the European Commission, which bans money market funds from investing in securitisations other than those which fall within a narrow definition of “eligible securitisation”.
- g) On a more positive side, the European Data Warehouse became fully operational and the market has also adapted well to the “skin in the game” risk retention requirements.
- h) In summary, the European securitisation industry is still “in the woods” and threats remain to its recovery, both from existing and new regulatory proposals, and from overall monetary policy.
- i) I mention the European securitisation industry and related regulatory developments, as most of same ultimately find their way into the South African environment in one form or another.

5. Market Conditions and Developments in the Local Securitisation Industry (3)

- a) The local securitisation markets have remained largely in a “holding pattern” during the past year. A summary of local securitisation term issuance since 2001 is set out below:



- b) Per the above data, term securitisation issuance in 2013 was down 33% to R11.428bn from R16.997bn in 2012, with R3.282bn so far being issued in the first three months of 2014.
- c) Issuance in the local securitisation market remained subdued in 2013/14, mainly due to the big four banks generally feeling that there are other cheaper sources of funding available at this stage and that securitisation requires more intensive management than raising other sources of funding. The big four banks, however, have continued to refinance notes previously issued in the securitisation market whilst Investec Bank Limited and smaller historic Issuers have continued to approach the securitisation market, some on a private basis.
- d) Current outstanding ABCP issuance is R20.517bn, which is down from R22.032bn end 2013 and down from R26.033bn end 2012. ABCP pricing have during the past year crept up from around 20bp to around 30bp, mainly due to the uncertainty around Board Notice 80 (“BN 80”) and potential SARB interest rate hikes being priced in / cash being invested more short-term in anticipation of same.
- e) Although not a focus of the Forum, it is worthwhile to note that there was reasonably consistent local debt capital market issuance in 2013 vs. 2012 (R96.600bn vs. R104.770bn), with R40.560bn so far being issued in 2014 (afore-going includes securitisation issuance).
- f) A lot was said about the African growth story at the IMN African DCM Conference end 2013; however, little deal-flow have so far transpired for South African financial institutions and DCM participants.

- g) The afore-mentioned, coupled with scarcity of quality new assets and low funding requirements, continues to moot the issuance outlook for the rest of 2014. Some of the bigger banks, however, have shown some interest in repacking assets for their associated insurance companies and asset managers in order to soften the impact of inter alia Basle 3 and regulatory liquidity requirements.
- h) The form in which securitisation notes could potentially in future be used for repo and liquidity purposes with the South African Reserve Bank ("SARB") are still being finalised.

6. Key Forum Issues Over The Past 12 Months

- a) The main focus and issue that the Forum (via its Legal and Regulatory sub-committee) dealt with during 2013/14, was with the adverse impact of BN 80 on the ABCP conduits, as well as the restrictive inclusion limits on non-equity securities, which would adversely impact most DCM Issuers. Progress was made with the Financial Services Board ("FSB"), in conjunction with the South African Reserve Bank ("SARB"), the Banking Association ("BA") and ASISA. Full clarity and certainty has unfortunately not as yet been achieved and legislated. This matter should also be seen in the context of the money market related EC.
- b) Also on the regulatory front, further new Basel draft securitisation proposals were published as mentioned. These were discussed and commented on by a BA Workgroup.
- c) The week following last year's AGM I was approached by the SABC indicating that they were making a program on securitisation and whether I was prepared to assist them with details of the mechanics. During the interview it transpired that New ERA related misrepresentation was part of the subject matter, which I clarified decisively. The positive outcome was that securitisation servicers reviewed, and if required, slightly tweaked their internal systems and processes to ensure that securitisation Issuers "locus standi" are unquestionably presented and managed. No further New ERA related events worth mentioning occurred.
- d) More details on the above have been set out in the Legal and Regulatory sub-committee's report.

7. Other Forum Issues Over The Past 12 Months

a) The other key issues involving the Forum not mentioned above or dealt with in more details in the various sub-committee reports were the following:

i. Communication

During 2013/14, Hendrik Ackerman (Vice Chairman of the Forum and Chairman of the Legal and Regulatory sub-committee) and I maintained regular contact with Issuers, arrangers and investors re the relevant matters of the day and what they required from the SASF in order to assist them with same.

Please feel free to contact anyone of us should you require the Forum's help with challenges that should be tackled on a joint basis as an industry.

ii. Securitisation Issuance Guidelines

Included in the 2013 AGM meeting pack, was a draft initiated by a core working group formed for such purposes, for your perusal and further discussion purposes. One of the main philosophies in compiling same was to consult as widely as possible to obtain as much buy-in as possible from all industry players.

Following review and incorporation of the subsequent comments received and approval by EXCO of a final draft version, it was submitted to ASISA for review by its members at the end of 2013. We are still awaiting further comments from ASISA on same.

iii. Education

As part of the steps to resolve the Board Notice 80 challenges and to provide better insight into the benefits and protection mechanisms embodied in securitisation structures, the Forum offered to engage and facilitate an information session with one of the main trustees of the various funds being managed by the asset managers. The offer was unfortunately not taken up, but we will continue our endeavors to engage with these relevant and important market participants.

iv. Standardised Investor Reporting

Also included in the 2013 AGM meeting pack, was the European reporting standards which were recommended to members as the ideal standard to apply as far as practically possible in the interim until the securitisation market improves. From a common and standardised definition perspective, Issuers were requested to clearly disclose the basis on which information (e.g. calculation of the number of days in arrears) was presented.

As part of facilitating such process, the Communication and Education sub-committee decided to engage with the main Issuers on a “push” basis, rather than form the Investors on a “pull” basis, to explore what improved and more industry consistent reporting could be achieved within existing cost structures. This process had temporarily to be put on hold due to deliveries by the “white stork” to all the female members of this committee. I believe that the previously envisaged process will be re-engaged soon.

8. Changes to EXCO over the past 12 months

- a) There were a few changes in the composition of EXCO over the past 12 months:
- i. Ms S Zall resigned as vice chairman during August 2013 and was replaced by Mr H Ackerman;
 - ii. The Treasurer position was most affected by changes. Ms J van Aswegen, who resigned from Deloitte end 2013, was replaced by Ms S Ramithlal from Maitland Group during February 2014. She, however, resigned from Maitland Group end March 2014 resulting in the Treasurer position being vacant again. The Secretary and I undertook such function in the periods that there was not a Treasurer in office;
 - iii. Ms A Schaefer resigned as Standard Bank Limited’s representative and chairperson of the Membership sub-committee, and was replaced by Mr N Gunning during February 2014;
 - iv. Ms K Rushton recently resigned from Stanlib, and as a result will unfortunately not be available to serve on EXCO going forward;
 - v. Ms C Emslie will resign from EXCO with effect from the date of the AGM; and
 - vi. Ms L Kriel who acted as stand-in chairperson of the Accounting and Taxation sub-committee, will step down as same with effect from the date of the AGM, but will remain on EXCO.
- b) The rest of EXCO have expressed their willingness to continue in their existing roles if so desired by the members of the AGM. A new Treasurer and chairperson of the Accounting and Taxation sub-committee will need to be appointed at the AGM.
- c) In terms of the Forum’s constitution, the office bearers can only fill a specific position for three years. Should I be re-elected as Chairman for 2014/15, then such term will be my last, and a new Chairman will need to be elected at the next AGM.

- d) I would like to take this opportunity to thank all EXCO and sub-committee members, especially the Legal & Regulatory sub-committee, for their service to the Forum and South African securitisation industry over the past year. I would also like to extend a warm welcome to the new members that will be elected onto EXCO. Please lastly afford me the opportunity to especially extend my gratitude to our Secretary, Ms. Pat Benbow-Hebbert, who again splendidly managed the administration related affairs of the Forum.

9. Summary

- a) In summary then, the European securitisation industry is still “in the woods” due to a number of adverse economic, political and regulatory challenges.
- b) The South African securitisation industry remains in a “hold pattern” with limited opportunities in the African financial markets due to inter alia non-workable risk / return / viability dynamics. Locally there is still investor appetite for securitisation paper, but not at rates that the four major banks find attractive. It does appear, however, that repackaging transactions that utilise securitisation type technology may increase as part of balance sheet “management” and that the smaller banks and non-bank Issuers will continue to utilise securitisation funding.
- c) I was recently privileged to moderate a panel on “Investing into African bonds and syndicated loans” at Global Financial Conference’s Bonds, Loans & Sukuk Middle East 2014 that was held in Dubai. My mind was blown and broadened to see what strong faith, determination and focussed innovation can achieve and overcome.
- d) I believe that in this AGM room, that we collectively have some of the best and skilled intellectual capital resources available to the South African financial markets and industries. It is up to all of us to vigorously seek, debate and develop innovative debt capital markets’ products and solutions using securitisation type technology. This will ensure that we stay relevant and that our securitisation industry engages on a growth path again. That is my wish and challenge to all of you for this coming year!
- e) I invite you to reflect on this report and to provide us with your suggestions on how we can improve the functioning of the Forum to support you and overcome the afore-mentioned challenges. A number of Forum initiatives, as mentioned, will continue in the coming year in order to meet the Forum’s objectives as stated in its constitution.

I thank you.

Brendan Harmse

Chairperson: South African Securitisation Forum

22 May 2014



**SOUTH AFRICAN
SECURITISATION FORUM**

PRESENTATION AND RATIFICATION OF FINANCIAL REPORT FOR 2014 AND BUDGET FOR 2015

**AUDITED FINANCIAL RESULTS:
YEAR ENDED FEBRUARY 2014**

	Actual Feb 2014	Budget Feb 2014	Variance	Comments
Income	373,008	356,913	16,095	
Interest on cash	13,008	11,913	1,095	
Membership Fees - Net of doubtful collections	360,000	345,000	15,000	Sasfin and Real People joined during the financial year and were charged proportionately for half a year each.
Other Income	-	-	-	
Expenses	-303,038	-330,443	27,405	
Auditors	-12,840	-8,745	-4,095	
Bad debts	-15,000	-	-15,000	IFXBG raised membership fee written off.
Bank charges	-1,581	-1,904	323	
Website design, maintenance costs	-41,810	-39,231	-2,579	
Consulting secretarial fees	-208,650	-192,600	-16,050	SASF Secretary was a paid a bonus equal to a 13th cheque.
Legal costs	-	-	-	
AGM expenses	-	-4,725	4,725	Budgeted 2013 AGM venue and catering fees were not invoiced for.
Sundry office costs	-10,365	-5,004	-5,361	Additional un-budgeted printing and courier costs were required.
Secretarial fees	-	-5,052	5,052	No related work was required from the auditors.
Travel	-12,792	-23,182	10,390	SASF Secretary was not able to attend the February 2014 EXCO due to compassionate leave.
General contingency	-	-50,000	50,000	No material contingency event occurred.
Loss after tax	69,970	26,471	43,499	
Cash at Beginning of the year	213,889	213,889	213,889	
less: Net expenses	69,970	26,471	43,499	
less: Change in creditors	19,200	-8,251	27,451	
	-	-	-	
Actual cash balance at year end	303,059	232,109	70,950	
Less: Creditors outstanding year end	-27,451	-8,251	-19,200	
Cash available at year end (acc. funds)	275,608	223,858	51,750	Higher year-end cash balance due to lower than budgeted expenses.

The South African Securitisation Forum
Annual Financial Statements
for the year ended 28 February 2014

Draft

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014

General Information

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

Executive committee members

Name	Change in appointment
B Harmse (Chairman)	
S Zall	Resigned as Deputy Chairman and from EXCO 15 August 2013
H Ackermann (Deputy Chairman and Chairman of Legal & Regulatory sub-committee)	Appointed as Deputy Chairman 15 August 2013
V Dilsook	Resigned as Treasurer and from EXCO 16 May 2013
J van Aswegen	Appointed as Treasurer 16 May 2013 / Resigned as Treasurer and from EXCO 30 November 2013
S Ramithlal	Appointed as Treasurer 20 February 2014 / Resigned as Treasurer and from EXCO 31 March 2014
R Kelso	
N Zeelie	
K van Staden	Alternate from 20 February 2014 and reappointed on EXCO 31 March 2014
S Howie	
R Roothman	
J Martin	
D Eraman	
M Rosen	Resigned as Chairman of Communications & Education sub-committee but remains on EXCO
A Schaefer	Resigned as Chairman of Membership sub-committee and from EXCO 20 February 2014
N Gunning	Appointed 20 February 2014
N Krige	Appointed 16 May 2013
C Emslie	Resigned 20 February 2013 / Reappointed 24 October 2013
L Dirker	Appointed 24 October 2013
J Kershaw	Appointed to EXCO and Chairman of Communication & Education sub-committee 16 May 2013
L Kriel	Appointed to EXCO and Chairman of Tax & Accounting sub-committee 16 May 2013. Will stand down as Chairman at AGM 2014, but remain on EXCO
W Green	Appointed 16 May 2013
P Nana	Resigned 16 May 2013

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014**

General Information

Other	Name	
	K Singh	Stepped down as Chairman of Tax & Accounting sub-committee on 16 May 2013 as she was not an EXCO representative
	M du Plessis	Stepped down as Acting Chairman of Tax & Accounting sub-committee during July 2013 as she was not an EXCO representative

Alternates	Name	
	K Rushton	Resigned 14 May 2014
	D Towers	
	A Ideler	
	R Thanthony	
	JP McCracken	
	M Brunke	

Other - Invited to attend EXCO meetings minuted 24 October 2013	Name	
	Z Stofberg of Real People	

Auditors	
	Nolands Inc Chartered Accountants (S.A.) Registered Auditors

Secretary	
	P Benbow-Hebbert

**The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014**

Index

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

Index	Pages
Report of the Independent Auditors	4 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Cash Flows	8
Accounting Policies	9
Notes to the Annual Financial Statements	10 - 11

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

Detailed Income Statement	12
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The annual financial statements set out on pages 6 to 11, which have been prepared on the going concern basis, were approved by the executive committee on 22 May 2014 and were signed on its behalf by:

Chairman

Deputy Chairman

Johannesburg
22 May 2014

Report of the Independent Auditors

To the members of The South African Securitisation Forum

We have audited the accompanying annual financial statements of The South African Securitisation Forum, which comprise the statement of financial position as at 28 February 2014, the statement of comprehensive income and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 11.

Responsibility for the financial statements

The executive committee's members are responsible for the preparation and fair presentation of these annual financial statements in accordance with the basis of accounting as described in Note 1. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying annual financial statements have been prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Supplementary Information

The supplementary information set out on page 12 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

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

22 May 2014
Cape Town

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014

Statement of Financial Position

Figures in Rand	Note(s)	2014	2013
Assets			
Current Assets			
Cash and cash equivalents	2	303,059	213,889
Total Assets		303,059	213,889
Funds and Liabilities			
Funds			
Accumulated funds	3	275,608	205,638
Liabilities			
Current Liabilities			
Accounts payable	4	27,451	8,251
Total Funds and Liabilities		303,059	213,889

Draft

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014

Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Revenue	5	360,000	315,250
Other income		-	65,009
Operating expenses		(303,038)	(335,359)
Operating profit		56,962	44,900
Investment revenue	6	13,008	7,597
Profit before taxation		69,970	52,497
Taxation	7	-	-
Profit for the year		69,970	52,497

Draft

Finance

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014

Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Cash generated from operations	8	76,162	44,900
Interest income		13,008	7,597
Net cash from operating activities		89,170	52,497
Net cash movement for the year			
Cash and cash equivalents at the beginning of the year		213,889	161,392
Cash and cash equivalents at the end of the year	2	303,059	213,889

Draft

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 and subsequently recorded at fair value.

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 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	303,059	213,889
3. Accumulated funds		
Opening balance	205,638	153,141
Profit for the year	69,970	52,497
	275,608	205,638
4. Accounts payable		
Trade payables	11,401	8,251
Accruals	16,050	-
	27,451	8,251
5. Revenue		
Membership fees - current year	360,000	315,250
6. Investment revenue		
Interest received		
Bank	13,008	7,597
7. Taxation		
No provision has been made for 2014 taxation as the Forum had no taxable income at the accounting date. Subject to below, the computed tax loss available for set-off against future taxable income is estimated at R 107 847 (2013: R 177 817).		
The Forum has submitted an application to the Receiver of Revenue requesting that its receipts and accruals be exempt from taxation as at the reporting date this application has not been approved.		
8. Cash generated from operations		
Profit before taxation	69,970	52,497
Adjustments for:		
Interest received	(13,008)	(7,597)
Changes in working capital:		
Accounts payable	19,200	-
	76,162	44,900

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
9. Auditors' remuneration		
Audit fees	11,400	8,250
Underprovision - prior year	1,440	-
	<u>12,840</u>	<u>8,250</u>

Draft

Finance

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2014

Detailed Income Statement

Figures in Rand	Note(s)	2014	2013
Revenue			
Membership fees	5	360,000	315,250
Other income			
Decrease in provision for doubtful debts		-	20,000
Income from SARS		-	45,009
Interest received	6	13,008	7,597
		13,008	72,606
Operating expenses			
Auditors' remuneration	9	12,840	8,250
Bad debts		15,000	20,000
Bank charges		1,581	1,796
Consulting fees paid		208,650	180,000
Legal costs		-	54,200
Secretarial fees		-	4,766
Sundry office costs		10,365	9,179
Travel - local		12,792	20,158
Website running costs		41,810	37,010
		303,038	335,359
Profit before taxation		69,970	52,497
Taxation	7	-	-
Profit for the year		69,970	52,497

Draft

SOUTH AFRICAN SECURITISATION FORUM

Budget - Year ended February 2015

Income Statement:	Actual Feb 2014	Budget Feb 2015	Escalation Feb 2015	Comments
Income	373,008	394,559		
Interest on cash	13,008	19,559		
Membership Fees - Net of doubtful collections	360,000	375,000	15,000	2014/1 5 membership fees to remain at same level as 2012/13 and 2013/14. Sasfin and Real People to be invoiced for a full year. PWC also joined with effect from 1 March 2014.
Other Income	-	-		
Expenses	-303,038	-370,949		
Auditors	-12,840	-13,610	6%	
Bad debts	-15,000	-	6%	
Bank charges	-1,581	-1,676	6%	
Website design, maintenance costs	-41,810	-44,319	6%	
Consulting secretarial fees	-208,650	-221,169	6%	
Legal costs	-	-	6%	
AGM expenses	-	-10,000	100%	JCC (external service provider) budgeted 2014 AGM venue and catering fees.
Sundry office costs	-10,365	-10,987	6%	
Secretarial fees	-	-	6%	No related work from the auditors envisaged.
Travel	-12,792	-19,188	50%	SASF Secretary budgeted to attend four EXCO meetings in 2014/15 vs. three in 2013/14.
General contingency	-	-50,000	Contingency	As per normal budgeting practise.
Profit/(loss) before tax	69,970	23,610		
Tax	-	-		
- Interest	-	-		
- Penalties	-	-		
Loss after tax	69,970	23,610		
Cash:				
Cash at Beginning of the year	213,889	303,059		
less: Net income over expenses	69,970	23,610		
less: Change in creditors	19,200	-13,840		
	-	-		
Actual cash balance at year end	303,059	312,829		
Less: Creditors outstanding year end	-27,451	-13,610		
Cash available at year end (accrual basis)	275,609	299,219		Available 2014/15 cash balances budgeted to remain in line with 2013/14 year.
Members:	23	25		As above.
Creditors:	Actual Feb 2014	Budget Feb 2015	Budget Feb 2015	
	Closing Balance	Projected Balance	Budgeted to be paid	
- Auditors	11,400	13,610	-2,210	
- Consulting secretarial fees	16,051	-	16,051	SASF Secretary bonus unpaid at 2013/14 year-end, was settled during March 2014.
Total	27,451	13,610	13,840	



APPROVAL OF 2014/2015 MEMBERSHIP FEES

REPORTS FROM THE SUB-COMMITTEES



**SOUTH AFRICAN
SECURITISATION FORUM**

LEGAL & REGULATORY

Annual Report of the Legal & Regulatory Sub-Committee of the South African Securitisation Forum for the 2013/2014 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 challenging one on the legal and regulatory front. 4 (four) formal sub-committee meetings were held during the term, namely in August and October 2013 and in February and May 2014. All the meetings were well attended.

2. Overview of the sub-committee’s 2013/14 activities

2.1 Board Notice 80

This matter dominated the attention of the sub-committee and the Forum. A main unresolved concern relates to the potential impact of Notice 80 to the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) (“Board Notice 80”) on ABCP conduits. During the year under review, the Forum attended a number of industry meetings with BASA, the FSB, SARB, ASISA and National Treasury with a view to resolve the matter and have Board Notice 80 amended to allow Money Market Funds to continue to invest in commercial paper issued by ABCP conduits and to provide for bigger investment limits for securitisation structures.

The FSB agreed to amend Board Notice 80 and a draft amended notice was published for comment in January 2014. Although Board Notice 80 now explicitly allows for traditional securitisation transactions that are approved by SARB and which notes are listed on the JSE, certain aspects remain problematic for conduits. In particular, the new paragraph 8(7)(c) requires that the underlying securitised assets needs to be permissible for investment under

paragraph 5 (i.e. needs to be money market instruments in itself). Currently all South-African conduits have assets such as loans in their portfolios, which upon a strict interpretation does not satisfy the definition of “money market instrument” in paragraph 5.

The industry through BASA provided comments to the FSB requesting that this requirement be dispensed with. We are currently awaiting feedback from the FSB and/or the publishing of the revised Board Notice 80.

2.2 NEWERA

Securitisation continued to receive bad publicity during the year under review. NEWERA has been unsuccessful in a number of court cases and was punished by the court through penal cost orders. Instead of pursuing further court action, NEWERA opted to follow a media campaign, most notably through their appearance on Special Assignment. Richard Roothman drafted an explanatory memorandum on securitisation which was published on the SAF website. The Forum took the decision not to engage directly with NEWERA.

2.3 Revision to the Basel Securitisation Framework

The Basel committee published a new draft Securitisation Framework in 2013 for public comment. In terms of the new framework, capital requirements for banks' participation in securitisation transactions will be more onerous. Although unlikely to impact securitisation issuances by banks for funding purposes, it is likely to have an adverse impact on banks' investments in third party securitisations as well as support such as liquidity facilities. BASA submitted comments to the BIS and a revised draft was published in December 2013. The revised draft is slightly simpler but still not bank friendly. BASA submitted a second round of comments in March 2014.

In anticipation of amendments by SARB to incorporate these amendments into our legislation, the sub-committee deemed it opportune to also address certain areas of uncertainty in the Exemption notice on Securitisation Schemes (“Securitisation Notice”). The sub-committee is in the process to formulate proposals which will be submitted to BASA for a joint submission to the SARB as soon as SARB commences with the revision of the regulations to align with the Basel committee proposals.

2.4 Tax Treatment of Notes subject to Interest Deferral Events

The Income Tax Act was amended to deal with so-called hybrid debt instruments (Sections 8F and 8FA). As we understand, the intention was not to affect securitisation transactions, however there seems to be uncertainty as to whether certain structural features may inadvertently be affected. In particular, interest in respect to notes subject to interest deferral events may fall within the

provisions for so-called hybrid interest. The sub-committee took the decision to seek legal opinion on this and this process is currently underway.

3. Outlook and Conclusion

In conclusion, 2014/15 will continue to be a challenging year on the legal and regulatory front, due to the impacts that Board Notice 80 and New Basel rules for securitisation may have. I trust the incoming sub-committee will proactively and fluently navigate us through same.

At the heart of the legal and regulatory challenges lies the still negative fallout from the credit crisis and the perception, be it a bit unfair, that securitisation was the primary cause thereof. 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 2014



**SOUTH AFRICAN
SECURITISATION FORUM**

COMMUNICATION AND EDUCATION



REPORT OF THE COMMUNICATION AND EDUCATION SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE 2013/2014 YEAR

Members: Michelle Rosen
John Doidge
Jana Kershaw

EDUCATION

The joint initiative between the Forum and the University of Cape Town to run a course in securitisation is still in place. In September 2013, the Introduction to Securitisation course was held and there were 11 delegates who attended, compared to 24 delegates in 2012. Overall feedback was good with a few people suggesting that the course could be longer and include an in depth review of Securitisation agreements.

The next Introduction to Securitisation course will be held on the 27th and 28th of August 2014 in Johannesburg. We would encourage SASF members to send delegates to the course. A brochure which includes the course outline and cost is available for distribution.

The 11th Annual IMN South African Capital Markets Conference, which SASF endorses, was held on the 31st of October and the 1st of November 2013. The conference included over 500 delegates from across the globe. Even though the scope of the conference has been broadened to include Emerging Africa, meaningful discussions were held on the local securitisation markets during the two-day programme. A dedicated securitisation session was held on the Outlook for ABS Issuance in South Africa.

STANDARDISED REPORTING:

The forum is revisiting Standardised Reporting of securitisation transactions in order to further improve transparency and comparability. As part of such process, the Communication and Education sub-committee has engaged with Issuers to explore what improved and more industry consistent reporting could be achieved within existing cost structures.

The process was put on hold during the year due to members of the Exco being temporarily unavailable, but the envisaged process will be re-engaged soon. In the interim, the European reporting standards were recommended to members as the ideal standard to apply as far as practically possible and issuers were requested to clearly disclose the basis on which information was presented.

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 load all available investor reports on the website shortly after they are released. The majority of the reports are listed, with the exception of Bayport and Nyati. On average we have had 567 visits to the site and 2,341 pages loaded per month over the last year (up from 435 and 1,722 during 2012/13).

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

Jana Kershaw – May 2014

SECURITISATION

27 and 28 August 2014 (Johannesburg)



UCT Law @ work
Professional Development Project

The Professional Development Project of the Faculty of Law, UCT, is pleased to present a two-day course in securitisation, in Johannesburg.

ABOUT THE COURSE

Securitisation is a process by which illiquid assets such as cash flows and connected contract rights are pooled and repackaged into marketable instruments representing claims against the asset pool. These securities are then sold to third-party investors. Securitisation can be a cheaper and more flexible source of long-term financing than bank finance, particularly for companies below investment grade.

This course is an introductory course intended to provide a foundation on the subject for anyone who wishes to become involved in securitisation, or who has come across it in the course of their job and requires more detail.

WHO WILL BENEFIT FROM THIS COURSE?

- Lawyers /advocates including in-house counsel in financial institutions
- Bankers, financiers and persons involved in the extension of credit
- Mortgage originators
- Anyone who has a special interest in banking, financial markets and securitisation
- Anyone tasked with the implementation of securitisation





COURSE OUTLINE

This course will cover, in brief, the following pertinent issues regarding securitisation:

- The economic rationale for securitisation and development of the securitisation market
- Who the key players in the securitisation market are
- Securitisable assets and selection of receivables
- The legal and regulatory framework
- Basel II and III
- ABS/true sale/insolvency
- Ratings
- Liquidity support, credit enhancement and profit extraction
- Raising of funds and factors influencing secondary market liquidation
- Investor protection and the role of trustees
- Servicing and administration agreement
- Risks
- Taxation issues
- Advanced transaction structures such as whole business securitisation, future flows, synthetics and CDOs
- Accounting issues
- The new Securitisation Regulations
- The application of the new Companies Act to ring fenced vehicles (SPVs)

COURSE PRESENTERS

The course will be presented by prominent members of the Securitisation Forum and experts in the field of finance and regulatory reform.

This course is endorsed by the South African Securitisation Forum (SASF), a non-profit association, exists to promote the development of securitisation in South Africa through education of the public, investors, originators and others with an interest or potential interest in the benefits of securitisation, both in South Africa and overseas.

For more information go to www.sasf.co.za



REGISTRATION DETAILS

Programme and venue information:

Signing in will commence at 9:00 unless otherwise advised and each day will end at approximately 17:00. Instructions regarding the programme and directions to the venue will be sent to you electronically a week prior to the event.

Award of certificate:

A certificate of attendance from UCT will be awarded to those who attend the full two days. Please ensure that you sign the attendance register each day.

Course fee:

R4,000 per delegate. The fee includes parking, teas, lunches and any course materials.

Closing date for registration:

One week prior to the course

Registration and enquiries:

Please contact the Professional Development Project:
Paula Allen on 021 650 5558
Andrea Blaauw on 021 650 5413
Fax: 021 650 5513
Email paula.allen@uct.ac.za / andrea.blaauw@uct.ac.za / irena.wasserfall@uct.ac.za
OR visit our website: www.lawatwork.uct.ac.za to download the registration form.

Physical address

Professional Development Project
Rm 3.20 Kramer Law Building
Middle Campus, UCT
Rondebosch, 7700

Postal address

Professional Development Project
Kramer Law Building, UCT
Private Bag X3,
Rondebosch, 7701





**SOUTH AFRICAN
SECURITISATION FORUM**

TAX AND ACCOUNTING NO REPORT REQUIRED

MEMBERSHIP

ANNUAL REPORT OF THE MEMBERSHIP SUB-COMMITTEE FOR 2014

SASF Membership stands at 25 compared to 23 as at 28 February 2013

With increased activity in the securitisation market, a renewed outreach was made to active players who were not currently members of the SASF.

New members now include Ashburton Investments, Real People Investment Holdings, Sasfin Bank Limited.

Members lost: IFXBG SA. The outstanding membership fees of IFXBG SA was discussed and after numerous attempts to collect payment, it was decided to write off of these overdue fees.

The Executive Committee agreed to maintain the annual membership fees at R15,000 per member.

SA Securitisation Forum Members	
1	ABSA Capital
2	Ashburton Investments
3	BMW Financial Services (SA)(Pty)Ltd
4	Deloitte & Touche
5	ENS
6	Fintech
7	GMG Trust Company (SA) Proprietary Limited
8	Investec Asset Management SA
9	Investec Bank Limited
10	KPMG Services (Pty) Limited
11	Maitland Trust Limited
12	Nedbank Capital
13	Norton Rose South Africa
14	OMIGSA
15	PricewaterhouseCoopers
16	Quince Capital
17	Rand Merchant Bank
18	Real People Investment Holdings
19	SA Home Loans (Pty) Limited
20	Sasfin Bank Limited
21	Standard Bank of South Africa Limited
22	STANLIB
23	Transaction Capital Limited
24	Webber Wentzel ALN
25	Werksmans Inc



**SOUTH AFRICAN
SECURITISATION FORUM**

ELECTION OF OFFICE BEARERS FOR 2014/2015



**SOUTH AFRICAN
SECURITISATION FORUM**

GENERAL



SOUTH AFRICAN SECURITISATION FORUM

SEVENTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 22 MAY 2014

AT 11H45

AT THE JOHANNESBURG COUNTRY CLUB, WOODMEAD, JOHANNESBURG.
CORNER LINCOLN ROAD & WOODLANDS DRIVE, WOODMEAD, SANDTON

THE HEDGEHOG ROOM – Event ID 012287

AGENDA

11h30 Tea and coffee will be available

11h45

1. Welcome and Apologies
2. Adopt agenda
3. Approval of the Minutes of the Annual General Meeting held on 16 May 2013
4. Matters arising
5. Presentation and adoption of Chairman's Annual Report for 2014
6. Presentation and adoption of Financial Report for 2014
7. Budget for 2015
8. Membership Fees – 1 March 2014 to 28 February 2015
9. Reports from sub-committees
 - 9.1 Legal & Regulatory
 - Hendrik Ackermann
 - 9.2 Communication & Education/Investors
 - Jana Kershaw
 - 9.3 Tax & Accounting
 - Brendan Harmse
 - 9.4 Membership
 - Armine Schaefer
10. Election of Office Bearers for 2014/15
11. General

The meeting will be followed by a finger lunch.



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) 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 18 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 Clause1.

Member category	Maximum number of Executive Committee members
Issuer/Originator	3
Investor	3
Commercial Banks	5
Trustees	2
Law firms	2

Member category	Maximum number of Executive Committee members
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 sub-committees 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; and
- 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		
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
Service 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		
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		
Mortgage Insurers	IV	R7 500
Smaller Issuers	IV	R7 500
Smaller Law Firms	IV	R7 500
Other Financial Entities	IV	R7 500
Suppliers	IV	R7 500