SASF ANNUAL GENERAL MEETING

THURSDAY 21 MAY 2015 11H45 AT JOHANNESBURG COUNTRY CLUB, WOODMEAD, SANDTON (Cnr Lincoln Road & Woodlands Drive)

THE STARLING ROOM
FUNCTION ID 015300

Parking available in the visitors parking area
INVITATION

Annual General Meeting

Date: Thursday 21 May 2015

Venue: The Country Club Johannesburg
Corner Lincoln Road & Woodlands Drive
Woodmead, Sandton.
The Starling Room – Function ID 015300

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: sasf.admin@mweb.co.za
WELCOME AND APOLOGIES
ADOPT AGENDA
SOUTH AFRICAN SECURITISATION FORUM

EIGHTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 21 MAY 2015
AT 11H45
AT THE JOHANNESBURG COUNTRY CLUB, WOODMEAD, JOHANNESBURG.
CORNER LINCOLN ROAD & WOODLANDS DRIVE, WOODMEAD, SANDTON

THE STARLING ROOM – Function ID 015300

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 22 May 2014

4. Matters arising:
   • Tax Exemption
   • Securitisation Issuance Guidelines

5. Presentation and adoption of Chairman’s Annual Report for 2015


7. Budget for 2016

8. Membership Fees – 1 March 2015 to 29 February 2016

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 - Nicholas Gunning


11. General

The meeting will be followed by a finger lunch
APPROVAL OF PREVIOUS MINUTES
1. **WELCOME & APOLOGIES**

The Chairman, Brendan Harmse, welcomed all those present. A total of 48 persons, including members and their guests, were in attendance.

Apologies were received from:

- Alessandro Scalco
- Alison Blanchard
- Amanda Farnworth
- Amit Mohanlal
- Andre Pottas
- Angela Itzikowitz
- Barry Martin
- Beyers Roux
- Cathryn Emslie
- Charlize Wiederkehr
- Conrad Wood
- Dave Smith
- David Toerien
- Duncan Schwulst
- Emma-Jane Fulcher
- Erica Nell
- Freddy Magoro
- Gavin Comrie
- Gisela Spencer
- Jack Trevena
- Jacques Els
- Johan Marnewick
- John Doidge
- JP McCracken
- Kevin Cochran
- Konrad Reus
- Kristen Reddy
- Kurt van Staden
- Kuveshen Chetty
- Lee Irvine
- Leigh Cunningham-Scott
- Lesley Isherwood
- Lesley Wallace
- Logandree Gounden-Pead
- Lorenzo Cardoso
- Marcu Landman
- Marita Koti
- Matthew Mutch
- Mazwi Zondi
- Morné du Plessis
- Edward Nathan Sonnenberg Inc
- Bayport Finance
- Investec Bank
- First Rand
- Deloitte & Touche
- Edward Nathan Sonnenberg Inc
- RMB
- ABSA
- Deloitte & Touche
- GMG Trust Company (SA)(Pty)Ltd
- RMB Asset Management
- Liquid Capital (prev AMH)
- ABSA Capital
- Prudential
- Global Ratings
- Sanlam Capital Markets
- Sanlam Capital Markets
- Deloitte
- KPMG
- Independent Director of GMG
- Moody’s
- Libfin (Liberty)
- GMG Trust Company (SA)(Pty)Ltd
- Fintech
- Libfin (Liberty)
- Standard & Poors
- Norton Rose SA
- Maitland Group
- ABSA
- GMG Trust Company (SA)(Pty)Ltd
- RMB
- KPMG
- Deloitte & Touche
- OMIGSA
- SA Taxi
- Barclays
- Standard Bank
- SA Homeloans
- RMB
- Nedbank
2.

APPROVAL OF MINUTES OF THE SIXTH MEETING

The minutes of the sixth annual general meeting, which were previously circulated, were tabled. In the absence of comments from the floor, approval of the minutes was proposed by Ronald Gwewera and seconded by Rob Kelso. The minutes were approved for signature by the Chairman.

3.

MATTERS ARISING

The Chairman reported that the tax exemption application from SARS is ongoing and yet to be finalised. Once the official decision had been received the Forum will appeal the SARS ruling that not all interest and penalties were refunded.

The Chairman was pleased to announce the UCT Introduction to Securitisation course would be held in Johannesburg on 27th & 28th August 2014. This would give many people the opportunity to attend without incurring significant travel and accommodation costs.

On the matter of Securitisation Issuance Guidelines the Chairman reported that subsequent to the last AGM, comments had been received from interested parties, and a revised draft version of the guidelines had been approved by EXCO and sent to ASISA. The Forum was awaiting a final version from them and, depending on the content, would thereafter revert back to members for further comment.

4.

PRESENTATION & ADOPTION OF CHAIRMAN’S ANNUAL REPORT

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

He mentioned that the purpose of the AGM was to report back to stakeholders 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.

For the period under review, most areas of the Forum functioned well. Regular EXCO meetings were held to discuss various matters the Forum had been dealing with and to receive reports from the various sub-committees on their activities. The Chairman summarised sub-committee activities over the year.

He also thanked the EXCO members for their time and support during the past year, especially the Legal and Regulatory sub-committee for their services to the Securitisation Industry.

He extended a warm welcome to the new members who would be elected onto EXCO.

An invitation was extended to all members of the Forum to attend future EXCO meetings.
No questions were raised and Armine Schaefer proposed the Chairman’s report be adopted for inclusion in the minutes. This was seconded by Chris Beneke. The proposal was approved.

5. **PRESENTATION & ADOPTION OF THE FINANCIAL REPORT FOR THE 12 MONTHS ENDED 28 FEBRUARY 2014.**

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

The Financial Reports were taken as read. The Chairman pointed out that the “Loss” on the Audited Financial Report in the AGM pack should read as “Profit”. The Forum was R43 499 over budget, largely due a general contingency provision that was not required during the period under review. The Chairman also pointed out that the date of re-appointment of C Emslie on page 1 of the Financial Statements (page 26 of the pack) should read 30th November 2013 instead of 24th October 2013. The adoption of the Financial Statements (as included in the AGM pack and attached as part of these minutes) was tabled for approval. This was proposed by Hendrik Ackerman and seconded by Michelle Rosen. The proposal was unanimously accepted by the AGM.

The EXCO recommended that annual membership fees of R15 000 remain unchanged. The Forum operated on a break even basis, and this amount should cover the budgeted basic operating costs of the Forum for the coming year. The adoption of the proposed 2014/15 budget and membership fees for the year ahead was tabled and approved. This was proposed by Rob Kelso and seconded by Jana Kershaw.

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

6. **PRESENTATION OF REPORTS FROM SUB-COMMITTEES**

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

No further issues were raised and the Chairman thanked the Chairpersons of the sub-committees for their services during the year.

The adoption of the reports was proposed by Nicola Corry and seconded by David Towers, a proposal that was unanimously accepted by the AGM.

7. **ELECTION OF THE EXECUTIVE COMMITTEE FOR 2013/2014**

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

a) Ms. S. Zall had resigned as vice chairman during August 2013 and was replaced by Mr. H. Ackermann.

b) 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 at the end of March 2014, which resulted in the Treasurer position again becoming vacant. The Secretary and the Chairman undertook the Treasurer duties while there was not a Treasurer in office.

c) 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.

d) Ms. K. Rushton recently resigned from Stanlib, and as a result would unfortunately not be available to serve on EXCO going forward.

e) Ms. C. Emslie resigned from EXCO with effect from the date of the AGM.

f) Ms. L. Kriel, who acted as chairperson of the Accounting and Taxation sub-committee, stepped down from that position with effect from the date of the AGM, but would remain on EXCO.

The remaining EXCO officers indicated that they would be willing to stand for re-election.
It was noted that the Constitution of the Forum allowed for two accounting firm related seats on EXCO. Since there was no longer representation from Deloitte, it was agreed that PWC, who had re-joined the Forum, would formally replace Deloitte on EXCO. Carmen Maisenbacher would represent PWC on EXCO going forward and had agreed to accept the position of Treasurer. The following office bearer positions for the EXCO were noted.

Chairman
Deputy Chairman
Treasurer
Secretary
Legal & Regulatory sub-committee
Tax & Accounting
Communication & Education sub-committee
Membership sub-committee

Brendan Harmse
Hendrik Ackermann
Carmen Maisenbacher
Pat Benbow-Hebbert
Hendrik Ackermann
To be finalised
Jana Kershaw
Nicholas Gunning

The remainder of EXCO would comprise
Walter Green
Nelis Zeelie
Lourandi Kriel
Simon Howie
Louis Dirker
John Martin
Kurt van Staden
Direen Eraman
Rob Kelso
Michelle Rosen
Alessandro Scalco
Richard Roothman

An invitation would be extended to Deloitte and other active market participants for representatives to attend the EXCO meetings on a non-official basis.

The Chairman advised that, in terms of the Forum’s constitution, office bearers could only fill a specific position for 3 years and that consequently this would be his last year as Chairman.

8. GENERAL

There were no further questions or comments under general, and the Chairman thanked everyone for their attendance declared the meeting closed.

The meeting was followed by a finger lunch.

___________________________            ________________________  
CHAIRMAN          DATE
PRESENTATION AND ADOPTION OF CHAIRMAN’S ANNUAL REPORT FOR 2015
Chairperson’s Report to the Annual General Meeting - 21 May 2015

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 8th Annual General Meeting (“AGM”). It is my privilege and honor to host this AGM in my capacity as Chairperson, which will be my 3rd and last, as provided for in the Forum’s constitution.

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 the opportunity to engage in open dialogue and hear from you on whether the Forum’s objectives are being met and if not, what suggestions you may have in order for us to improve. 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 2015/16.

c) One of the things that struck me again whilst compiling this Chairman’s report is that “change is the only constant in life”, a subject which has been debated by famous philosophers and writers throughout the centuries. Sometimes change is forced onto us by severe and unforeseen events, which with the benefit of perfect hindsight often could or should have been foreseen. If we want to be successful in life, we should be able to “embrace, rapidly manoeuvre with and adapt to change - rather than resist it as often happens”. More importantly, is that we should “jointly seek and drive the changes required to improve our situations and circumstances”. The challenges re the latter though is the timing and having the wisdom to know what can be changed and what should be accepted (as referred to in the well-known Serenity Prayer). I believe the callings for the “simplification, standardisation and transparency” of Securitisation and the recent revival of a Securitisation workgroup under the auspices of National Treasury, which I will touch on in more detail later, offer such “change” opportunities in the coming year.
2. Summary of the Status of the Forum

a) I am pleased to report that for the period under review, the areas that the Forum have a degree of control over, 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:

- Legal and Regulatory;
- Education and Communication;
- Tax and Accounting; and
- Membership.

c) The Treasurer and Chairpersons of the various sub-committees will, during the course of this AGM, provide you with detailed financial and operational accounts of what the Forum did to support the Securitisation industry in South Africa over the past year.

d) 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. The sources of the information presented are documents on the South African Reserve Bank’s (“SARB”) and The Association for Financial Markets in Europe’s (“AFME”) websites.

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.

b) The global economic recovery remained hesitant in 2014, with growth moderating in the final quarter as activity slowed in most emerging-market economies.

c) International crude oil prices, which declined considerably from the middle of 2014, continued to trend lower. The decline in international crude oil prices occurred alongside a moderation in a wide range of other international commodity prices. These prices have more recently retraced some of the declines.

d) In line with the less global growth performance, the International Monetary Fund (“IMF”) lowered its forecast of world growth for both 2015 and 2016 in January 2015, weighed down largely by the weaker medium-term growth outlook for especially China, Russia, the EUR area, Japan and a number of major oil-exporting countries. As a result, monetary policy remained expansionary in most parts of the world.
e) Economic activity in South Africa expanded at a firmer pace in the fourth quarter of 2014. This acceleration largely reflected a normalisation after severe strike-induced labour disruptions earlier in 2014. Increases in the production of platinum group metals and diamonds more than offset decreases in the production of coal and other mining commodities.

f) Local growth for 2015 is projected at 2.2% which is notably lower than the pre-crisis growth rates. In recent years, the lower growth rates was attributable to significant supply side constraints and disruptions. The most recent electricity load shedding has become a more pronounced drag on real output and unfortunately is likely to be a binding constraint over the short to medium term.

g) The slow South African growth rate referred to above, however, has not been impacted by local factors only. External factors, such as the moderation in emerging market economies growth rates, weaker external demand and lower commodity prices have certainly contributed to the lower growth outcomes.

h) The extent of unconventional monetary policy adopted by the advanced economies and the subsequent commencement by the US on the path towards monetary policy normalisation has led to spill-over effects such as the high levels of volatility seen in the foreign exchange markets.

i) The volatility in the foreign currency exchange markets is likely to persist and will be exacerbated should the timing of the so-called “lift-off” differ from market expectations. The emerging market economies with weak macro-economic fundamentals and indicators, such as South Africa, are likely to be most vulnerable.

j) Inflationary pressures moderated notably from mid-2014. As a result, headline consumer price inflation slowed to around the midpoint of the 3%-6% inflation target range early in 2015.

k) South African bond yields moved generally lower from early 2014, in line with US bond yields. Local yields receded further in January 2015, supported by an improved inflation outlook and abundant international liquidity following the announcement of an expanded asset-purchase programme by the ECB and continued quantitative easing out of Japan. Bond yields edged higher in early March 2015 as a reversal in the oil price, the announcement of higher levies on fuel and rand depreciation impacted on inflation expectations.

l) Growth in overall bank credit extension remained flat footed in 2014, consistent with the subdued performance of the economy.

m) The residential property market continued to display signs of gradual improvement in the second half of 2014, as the rate of increase in house prices stayed slightly ahead of consumer price inflation and as sale-in-execution notices declined.
n) Despite the subdued growth in the economy over the past year, domestic share prices entered 2015 on a more positive note, recovering from the losses incurred in the second half of 2014 to reach all-time-highs.

o) I touch on the above as same ultimately drive the availability of quality financial assets and the demand for funding.

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

a) According to European Central Bank (“ECB”) lending surveys, banks operating in the region continued to report easing of lending standards. Competition between banks, their liquidity positions, and market financing were the strongest factors in easing lending standards, while risk on collateral demanded was the only factor that contributed to tighter standards.

b) In 2014, EUR 216 billion of securitised product was issued in Europe, an increase of 20% from 2013 (EUR 180 billion). During the mentioned years, similar amounts ranging in the mid to higher EUR 70 billions were placed. EUR 138 billion was retained in 2014 (being 64%), vs. EUR 105 billion (58%) retained in 2013.

c) UK RMBS led placed totals followed by Pan European CLOs and Dutch RMBS.

d) At the end of Q4 2014, securitised product of EUR 1.4 trillion was outstanding, of which EUR 782.4 billion (56%) was retained, presumably for repo or other secured financing.

e) So far in Q1 2015, EUR 34 billion of securitised product has been issued in Europe, a decrease of 43% from Q4 2014 (EUR 60 billion) but a significant increase of 70% from Q1 2014 (EUR 20 billion). Of this, EUR 18 billion was placed (representing 54%), compared to EUR 24 billion placed in Q4 2014 (40%) and EUR 15 billion placed in Q1 2014 (73%).

f) Re credit quality, upgrades continued to outpace downgrades among European securitised product, with down-grades concentrated largely in CDO deals.

g) European ABCP outstandings ended the fourth quarter 2014 totaling EUR 18 billion, up from EUR 15 billion end 2013. Multi-seller conduits continued to dominate as the largest category of issuer in the ABCP market, particularly from Ireland and France.

h) On the regulatory, legislative and policy fronts, participants have been working on a number of initiatives to revive the European Securitisation markets. The main trend and focus area in 2014/15 related to the attempted “simplification, standardisation and transparency” of European Securitisations:
AFME for example has been involved in important initiatives such as the Prime Collateralised Securities ("PCS") Securitisation labelling project which identifies market best practices in terms of Securitisation quality, transparency and simplicity/standardisation, leading to improved secondary market liquidity.

The European Banking Authority ("EBA") published a Discussion Paper ("DP") on "Simple, Standard and Transparent Securitisations" in which it proposes criteria defining high quality Securitisations.

The International Organization of Securities Commissions ("IOSCO") and Basel Committee on Banking Supervision ("BCBS") established a joint Task Force on Securitisation Markets ("TFSM") which has been charged with reviewing the developments in Securitisation markets. End 2014, the TFSM issued a Consultative Document on criteria for identifying simple, transparent and comparable Securitisations. AFME submitted responses to these early in 2015.

ECB published revised guidelines for the eligibility of assets for ECB open market operations. The ECB ABS Purchase Programme (ABS PP) remained on-going and the Euro system is purchasing a broad portfolio of simple and transparent asset-backed securities.


- The following have also been in scope in 2014/15 so far:

  - The EBA issued an opinion and supporting report on "Securitisation retention, due diligence and disclosure requirements" in which it proposed a new complementary “direct” approach on risk retention.

  - The BCBS published its final Review of the Pillar 3 disclosure requirements. The implementation date is postponed to year-end 2016 financial reporting, from April 2016.

  - The newly elected European Parliament is revisiting the proposed Money Market Funds ("MMF") Regulation. A report on MMFs was voted by the ECON Committee of the Parliament.
BCBS and IOSCO published a revised framework for margin requirements for non-centrally cleared derivatives.

Interestingly, the European Securities and Markets Authority ("ESMA") launched a Call for Evidence to collect information from market participants about the approach to disclosure for Structured Finance Instruments originated and/or traded on a private and/or bilateral basis. The consultation deadline is during May 2015.

I mention the European Securitisation industry and related regulatory developments, as most thereof ultimately find their way into the South African environment in one form or another.

5. Market Conditions and Developments in the Local Financial Markets and Securitisation Industry

a) The main "change" event of 2014, was the demise of African Bank Investments Limited ("African Bank") during the 3rd quarter thereof. It severely impacted the debt capital and Securitisation markets, a situation which has not yet been resolved, both sentiment and regulatory wise. 99% of envisaged Securitisation and repackaging transactions at the time were put on hold and it is still unclear when these will be able to approach the relevant markets and when sufficient appetite and liquidity will return. Seasonally typically about 75%-80% of transactions that close in a calendar year, are executed in the 4th quarter.

b) As a result, term Securitisation issuance in 2015 was down 32% to R7.8 billion from R11.4 billion in 2014, with R3.5 billion so far being issued in the first three months of 2015 (2014 - R3.3 billion).

c) Current outstanding ABCP issuance is R16.7 billion, which is down 24% from R22 billion end 2013. ABCP pricing during the same period crept up from around 30bp to around 40bp currently.

d) On a more positive note, the first financial structures that uses Securitisation type technology was set up as part of the local commercial banks accessing the SARB's committed liquidity facilities ("CLF"). SARB in 2012, approved the provision of CLF to the commercial banks to assist them in meeting their Liquidity Coverage Ratio ("LCR") as there is limited availability of high quality liquidity assets ("HQLA") in South Africa. The need for these "self-Securitisation" structures should increase as the required LCR increases over the Basle 3 implementation period. Should SARB wish to grow this market and facilitate a wider investor base, then it would have to consider mechanisms to provide liquidity for investors, for example potential discount facilities at the "window".

e) Very encouragingly, and perhaps the most positive development in the local Securitisation markets for the past few years, is the recent revival of a Securitisation workgroup under the auspices of National Treasury. This is significant as all of SARB, the Banking Association of South Africa ("BASA"), the Financial Services Board ("FSB") and Association for Savings and Investment South Africa ("ASISA") are participating therein. It appears as if the above local champions are starting to re-recognise the value of
Securitisation as a viable funding tool in line with European trends. Mr Hendrik Ackerman, vice chairman of the Forum and chairman of the Legal and Regulatory Committee, feeds back to the Forum in his capacity as a Nedbank representative on the above work groups. Given the importance of the matter though, the Forum should aim to soonest obtain a dedicated representative seat in order to represent all its members at the Securitisation workgroup. A number of initiatives to assist and streamline Securitisation as part of inter alia the toolkit to meet the requirements of Basle 3, will be debated and considered by these various champions of industry. This inter alia includes alternative methods to transfer mortgage bonds and ways to set up simple, transparent and easily comparable Securitisations in line with the recently published proposed European criteria.

f) Currently, however, the bigger banks still feel that there are other cheaper sources of funding available than Securitisation and that Securitisation requires more intensive management than those. The aforementioned, coupled with scarcity of quality assets and low funding requirements, will continue to moot the Securitisation issuance outlook for the rest of 2015. The expected higher demand for longer term funding under Basle 3 will probably only result in a revival of securitisation from 2016/17 onwards.

g) The introduction of covered bonds in South Africa is also being reinvestigated and debated as part of the “Funding SA” initiative.

h) Re South Africa’s credit rating, Standard & Poor’s announced that South Africa’s credit rating would probably not be downgraded to junk, at least not for the next two years. Moody’s also currently see South Africa’s credit rating as stable and that relatively it is stronger than its peers. If downgraded to junk, many institutional investors (as per their investment mandates) would be obliged to sell South African government debt and the cost of borrowing for the country will increase. This could also impact the counterparty roles that the local commercial banks could fulfil in securitisations and the all-in cost thereof.

6. Key Legal and Regulatory Issues Over The Past 12 Months

a) The main carry over point from the 2013/14 EXCO term was the adverse impact of BN 80 on the ABCP conduits, as well as the restrictive inclusion limits on non-equity securities. These matters were resolved by the issue mid 2014 of BN 90 (in place of BN 80), which allowed money market funds to invest in Securitisations meeting certain criteria. The inclusion limits were also increased to more amenable levels.

b) During the current EXCO term, the Forum considered and obtained legal opinions re the impact of the Protection of Personal Information Act and Section 8F and 8FA of the Income Tax Act on securitisations as well the National Credit Regulator’s requirement for securitisation vehicles to reregister as credit providers when they converted from private to public companies. The Forum also considered the impact of the Foreign Account Tax Compliance Act on local securitisations.
c) The SARB is currently drafting amendments to the Securitisation Regulations to inter alia accommodate the mentioned "self-Securitisations". Publication thereof is expected later in 2015. The Forum reviewed the current Regulations for terms that are regarded as outdated and ambiguous. These will be put to SARB as part of the Forum’s comments once the revised Securitisation Regulations are published.

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) Other key issues involving the Forum were the following:

i. Securitisation Issuance Guidelines

After review and incorporation of further comments received from ASISA, a further draft version (included as an Annexure in the 2015 AGM meeting pack) was submitted to ASISA for review by its members. This matter was unfortunately not finalised as a lot of time was consumed by more pressing work streams flowing from African Bank’s demise. ASISA has proposed that the guidelines be further debated at the “Funding SA” workgroup together with securitisation standardisation, “skin-in-the-game” and minority protection mechanisms.

ii. Standardised Investor Reporting

Also included as Annexure in the 2015 AGM meeting pack is a standardised investor report covering sheet which is proposed to in future be completed for all securitisation issuers being managed by members of the Forum. The covering sheet will assist users to more accurately compare the relative performance of different securitisation transactions, as well as summarise all required key performance data in a consistent and easily recognisable format. This will contribute to the standardisation process.

iii. Banking Association Securitisation Website

The website (initially set up for market share comparison purposes) is being expanded to include details of listed non-bank related issuers as well as ABCP conduits. Previously only traditional Securitisation Issuers were presented.

8. Changes to EXCO over the past 12 months

a) A significant change in the composition of EXCO resulted from the resignation of Ms. Michelle Rosen from Stanlib (and thus as its representative on EXCO). She was involved with the local Securitisation market since its infancy and for a period served the Forum as inter alia chairman of the Communication and Education. We wish her all the best with her future endeavours.
b) Other changes related to Mr Kurt van Staden leaving Maitland Trust and him being replaced by his alternate, Mr David Towers. Although David will soon not be employed by Maitland Trust on a permanent basis anymore, he will continue to consult for them on Securitisation matters, including representing them on EXCO.

c) Lindi Marais, who has been an active member of the South African Securitisation community since the early 2000's, joined EXCO as Webber Wentzel’s representative.

d) Mr Hendrik Ackerman, the current vice Chairperson, has indicated a preference not to act in such role in the coming year and a new vice Chairperson will need to be elected. He is available to remain Chairperson of the Legal & Regulatory sub-committee.

e) In terms of the Forum’s constitution, office bearers can only fill a specific position for maximum three years. As mentioned, I will thus be stepping down and a new Chairperson will need to be elected. I will continue to be available to serve on EXCO as representative of TMF Corporate Services (South Africa).

f) All other existing EXCO members have expressed their willingness to continue in their roles if so desired by the members of the AGM.

g) Please afford me the opportunity to thank all EXCO and sub-committee members, especially the Legal & Regulatory sub-committee under the chairmanship of Mr Hendrik Ackerman, for their service to the Forum and South African Securitisation industry over the past year.

h) Also please lastly allow me to especially extend my gratitude to our Secretary, Ms. Pat Benbow-Hebbert, who splendidly assisted me during my chairpersonship and with the administration related affairs of the Forum.

i) Finally, I would like to extend a warm welcome to the new EXCO members to be elected for 2015/16, especially the new Chairman that will be taking over from me.

9. Summary

a) In summary then, the South African Securitisation industry was adversely affected by the demise of African Bank during 2014, but the need for longer term funding under Basle 3 should assist with its recovery over the medium term.

b) A number of legal and regulatory matters potentially impacting the Securitisation industry was dealt with and closed during the 2014/15 term.
c) As mentioned in the introduction re “change”, I believe that the callings and initiatives for the “simplification, standardisation and transparency” of Securitisations and the recent revival of a Securitisation workgroup under the auspices of National Treasury, on which all key role players are presented, offer such opportunities in the coming year.

d) I invite you to reflect on this report, participate fully in this AGM by questioning and providing us with your suggestions on how we can improve the functioning of the Forum to support you, the Securitisation industry and overcome its challenges.

I thank you for the past three years that I could serve you as chairman of the Forum.

Brendan Harmse
Chairperson: South African Securitisation Forum
21 May 2015
PRESENTATION AND ADOPTION OF FINANCIAL REPORT FOR 2015 AND BUDGET FOR 2016
SASF AGM - 21 MAY 2015

TREASURER’S REPORT- AGM

Financial statements for year ended 28 February 2015

- These have been drafted by Nolands.

Financials and cash position for the 2015/2016 year

- Refer to table 1 Cash flow statement – actual compared to budget for 2014/2015 year
- Refer to table 2 Cash flow statement – actual for 2014/2015 compared to budget for 2015/2016 for assumptions used in setting the 2015/2016 budget. 24 members are expected.

Budget for 2015/2016 year

- To be formally agreed at the AGM.
1. Cash Flow Statement – Actual from 1 March 2014 to 28 February 2015 compared to Budget from 1 March 2014 to 28 February 2015

<table>
<thead>
<tr>
<th>Income Statement:</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>392,012</td>
<td>394,559</td>
<td>-2,548</td>
</tr>
<tr>
<td>Interest</td>
<td>17,012</td>
<td>19,559</td>
<td>-2,548</td>
</tr>
<tr>
<td>Membership Fees</td>
<td>375,000</td>
<td>375,000</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors</td>
<td>11,400</td>
<td>13,610</td>
<td>-2,210</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,813</td>
<td>1,676</td>
<td>137</td>
</tr>
<tr>
<td>Website design, maintenance costs</td>
<td>37,548</td>
<td>44,319</td>
<td>-6,771</td>
</tr>
<tr>
<td>Consulting secretarial fees</td>
<td>237,180</td>
<td>221,169</td>
<td>16,011</td>
</tr>
<tr>
<td>Legal costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AGM expenses</td>
<td>14,273</td>
<td>10,000</td>
<td>4,273</td>
</tr>
<tr>
<td>Sundry office costs</td>
<td>6,469</td>
<td>10,987</td>
<td>-4,518</td>
</tr>
<tr>
<td>Secretarial fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>13,658</td>
<td>19,188</td>
<td>-5,530</td>
</tr>
<tr>
<td>Legal and Tax Opinions</td>
<td>71,963</td>
<td>50,000</td>
<td>21,963</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit/(loss) before tax</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(Loss) after tax</td>
<td>-2,293</td>
<td>23,610</td>
<td>-25,904</td>
</tr>
<tr>
<td>Tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Cash at Beginning of the year | 303,059 | 303,059 | -        |
| Add: Net income over expenses | -2,293  | 23,610  | -25,904  |

| Closing cash balance | 300,766 | 326,669 | -25,904  |

Less: Creditors o/s year end

Budgeted cash available for year end (accrual basis)

Members: 25 25
2. Cash Flow Statement – Actual from 1 March 2014 to 28 February 2015 compared to Budget from 1 March 2015 to 28 February 2016

<table>
<thead>
<tr>
<th>SOUTH AFRICAN SECURITISATION FORUM</th>
<th>ACTUAL VS BUDGET RESULTS - 2014/2015 vs 2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Statement:</strong></td>
<td><strong>Actual</strong></td>
</tr>
<tr>
<td><strong>FULL YEAR</strong></td>
<td><strong>28-Feb-15</strong></td>
</tr>
<tr>
<td>Income</td>
<td>392,012</td>
</tr>
<tr>
<td>Interest</td>
<td>17,012</td>
</tr>
<tr>
<td>Membership Fees</td>
<td>375,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>394,305</strong></td>
</tr>
<tr>
<td>Auditors</td>
<td>11,400</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,813</td>
</tr>
<tr>
<td>Website design, maintenance costs</td>
<td>37,548</td>
</tr>
<tr>
<td>Consulting secretarial fees</td>
<td>237,180</td>
</tr>
<tr>
<td>Legal costs</td>
<td>-</td>
</tr>
<tr>
<td>AGM expenses</td>
<td>14,273</td>
</tr>
<tr>
<td>Sundry office costs</td>
<td>6,469</td>
</tr>
<tr>
<td>Secretarial fees</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>13,658</td>
</tr>
<tr>
<td>General Provision - Contingency</td>
<td>71,963</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>-2,293</td>
</tr>
<tr>
<td>Tax</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(Loss) after tax</td>
<td>-2,293</td>
</tr>
<tr>
<td>Cash at Beginning of the year</td>
<td>303,059</td>
</tr>
<tr>
<td>Add: Net income over expenses</td>
<td>-2,293</td>
</tr>
<tr>
<td>Closing cash balance</td>
<td>300,766</td>
</tr>
</tbody>
</table>

Budgeted cash available for year end (accrual basis)

Members: 25 24
General Information

<table>
<thead>
<tr>
<th>Nature of business and principal activities</th>
<th>To promote the development of securitisation in South Africa.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive committee members</td>
<td>Name</td>
</tr>
<tr>
<td></td>
<td>Change in appointment</td>
</tr>
<tr>
<td>B Harmse (Chairman)</td>
<td></td>
</tr>
<tr>
<td>H Ackermann (Deputy Chairman and Chairman</td>
<td></td>
</tr>
<tr>
<td>of Legal &amp; Regulatory sub-committee)</td>
<td></td>
</tr>
<tr>
<td>C Maisenbacher</td>
<td>Appointed as Treasurer 22 May 2014</td>
</tr>
<tr>
<td>R Kelso</td>
<td></td>
</tr>
<tr>
<td>N Zeelie</td>
<td></td>
</tr>
<tr>
<td>K Van Staden</td>
<td>Resigned 21 August 2014</td>
</tr>
<tr>
<td>D Towers</td>
<td>Appointed 21 August 2014</td>
</tr>
<tr>
<td>S Howie</td>
<td></td>
</tr>
<tr>
<td>R Roothman</td>
<td></td>
</tr>
<tr>
<td>J Martin</td>
<td></td>
</tr>
<tr>
<td>D Eraman</td>
<td></td>
</tr>
<tr>
<td>M Rosen</td>
<td>Resigned 1 April 2015</td>
</tr>
<tr>
<td>P Myburgh</td>
<td>Appointed 1 April 2015</td>
</tr>
<tr>
<td>N Gunning</td>
<td></td>
</tr>
<tr>
<td>N Krige</td>
<td>Resigned 13 June 2014</td>
</tr>
<tr>
<td>A Scalco</td>
<td>Appointed 13 June 2014/Resigned 30 September 2014</td>
</tr>
<tr>
<td>F Mandaza</td>
<td>Appointed 30 September 2014/Resigned 17 February 2015</td>
</tr>
<tr>
<td>L Marais</td>
<td>Appointed 8 April 2015</td>
</tr>
<tr>
<td>L Dirker</td>
<td></td>
</tr>
<tr>
<td>J Kershaw</td>
<td></td>
</tr>
<tr>
<td>L Kriel</td>
<td></td>
</tr>
<tr>
<td>W Green</td>
<td></td>
</tr>
</tbody>
</table>
General Information

Alternates

Name
A Ideler
R Thantony
JP McCracken
A Fok

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 2015

Index

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

<table>
<thead>
<tr>
<th>Index</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Financial Position</td>
<td>6</td>
</tr>
<tr>
<td>Statement of Comprehensive Income</td>
<td>7</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>8</td>
</tr>
<tr>
<td>Accounting Policies</td>
<td>9</td>
</tr>
<tr>
<td>Notes to the Annual Financial Statements</td>
<td>10 - 11</td>
</tr>
</tbody>
</table>

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

| Detailed Income Statement                  | 12    |

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 20 May 2015 and were signed on its behalf by:

Chairman

Deputy Chairman

Johannesburg

21 May 2015
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 2015, 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 and for such internal controls as the executive committee members determine necessary to enable the preparation of the annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Cape Town
21 May 2015
The South African Securitisation Forum  
Annual Financial Statements for the year ended 28 February 2015  

Statement of Financial Position  
Figures in Rand  

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2</td>
<td>300,766</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>300,766</td>
</tr>
<tr>
<td><strong>Funds and Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds</td>
<td>3</td>
<td>288,511</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>4</td>
<td>12,255</td>
</tr>
<tr>
<td><strong>Total Funds and Liabilities</strong></td>
<td></td>
<td>300,766</td>
</tr>
</tbody>
</table>
The South African Securitisation Forum  
Annual Financial Statements for the year ended 28 February 2015  

Statement of Comprehensive Income  

<table>
<thead>
<tr>
<th>Figures in Rand</th>
<th>Note(s)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5</td>
<td>375,000</td>
<td>360,000</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td>(379,109)</td>
<td>(303,038)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td><strong>(4,109)</strong></td>
<td><strong>56,962</strong></td>
</tr>
<tr>
<td>Investment revenue</td>
<td>6</td>
<td>17,012</td>
<td>13,008</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td><strong>12,903</strong></td>
<td><strong>69,970</strong></td>
</tr>
<tr>
<td>Taxation</td>
<td>7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td><strong>12,903</strong></td>
<td><strong>69,970</strong></td>
</tr>
</tbody>
</table>
### Statement of Cash Flows

Figures in Rand  

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (used in) / generated from operations</td>
<td>8</td>
<td>(19,305)</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>17,012</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td></td>
<td>(2,293)</td>
</tr>
<tr>
<td>Net cash movement for the year</td>
<td></td>
<td>(2,293)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td></td>
<td>303,059</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>2</td>
<td>300,766</td>
</tr>
</tbody>
</table>
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 2015

Notes to the Annual Financial Statements

2. Cash and cash equivalents
   Cash and cash equivalents consist of:
   Bank balances 300,766 303,059

3. Accumulated funds
   Opening balance 275,608 205,638
   Profit for the year 12,903 69,970
   Total 288,511 275,608

4. Accounts payable
   Trade payables 12,255 11,401
   Accruals - 16,050
   Total 12,255 27,451

5. Revenue
   Membership fees - current year 375,000 360,000

6. Investment revenue
   Interest received
   Bank 17,012 13,008

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
   Profit before taxation 12,903 69,970
   Adjustments for:
   Interest received (17,012) (13,008)
   Changes in working capital:
   Accounts payable (15,196) 19,200
   Total (19,305) 76,162
9. Auditors' remuneration

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>12,255</td>
<td>11,400</td>
</tr>
<tr>
<td>Underprovision - prior year</td>
<td>-</td>
<td>1,440</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,255</td>
<td>12,840</td>
</tr>
</tbody>
</table>
### Detailed Income Statement

<table>
<thead>
<tr>
<th>Figurres in Rand</th>
<th>Note(s)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership fees</td>
<td>5</td>
<td>375,000</td>
<td>360,000</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>6</td>
<td>17,012</td>
<td>13,008</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>12,255</td>
<td>12,840</td>
<td></td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>1,581</td>
<td>1,813</td>
</tr>
<tr>
<td>Consulting fees paid</td>
<td>220,780</td>
<td>208,650</td>
<td></td>
</tr>
<tr>
<td>Legal expenses</td>
<td>71,963</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sundry office costs</td>
<td>19,794</td>
<td>10,365</td>
<td></td>
</tr>
<tr>
<td>Travel · local</td>
<td>14,008</td>
<td>12,792</td>
<td></td>
</tr>
<tr>
<td>Website running costs</td>
<td>38,496</td>
<td>41,810</td>
<td></td>
</tr>
<tr>
<td></td>
<td>379,109</td>
<td>303,038</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>7</td>
<td>12,903</td>
<td>69,970</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>12,903</td>
<td>69,970</td>
<td></td>
</tr>
</tbody>
</table>
APPROVAL OF 2015/2016 MEMBERSHIP FEES
FEEDBACK FROM THE SUB-COMMITTEES
LEGAL & REGULATORY

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 October 2014 and in February and May 2015. All the meetings were well attended.

2. Overview of the sub-committee’s 2014/15 activities

2.1 Board Notice 80

This matter dominated the attention of the sub-committee and the Forum in 2013/2014. A main unresolved concern related 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 this time, 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. The FSB agreed to amend Board Notice 80 and a revised notice (Board Notice 90) was published in August 2014.

Board Notice 90 allows Money Market Funds to invest in securitisation transactions, including ABCP Conduits. It essentially requires:

(1) The issuer to be one that issues commercial paper in respect of a traditional securitisation scheme as defined in the Notice on Securitisation Schemes;
(2) the issuer, the money market instrument issued by it, the market maker, the sponsor or the provider of the liquidity facility, be listed on an exchange; and
(3) the issuer provides sufficient disclosure to the manager to enable the manager to evaluate the default risk of the assets, held in the traditional securitisation scheme, as defined in the Notice of Securitisation Schemes

This put to an end a long period of regulatory uncertainty experienced by the market.

2.2 Securitisation Regulations

The Committee prepared a submission in 2008 setting out deficiencies in the Securitisation Exemption Notice. The submission, as far as the Committee was aware, was never submitted to the SARB. The 2008 submission was circulated for comments and inputs with a view to agree items that are still problematic currently in the market. The Committee discussed the items at the October 2014 meetings and it was debated which ones remains relevant today. The 2 items that require amendment/clarification are the provisions dealing with significant risk transfer and whether non-banks can repurchase transferred assets. From a timing perspective, it is proposed that the comments be submitted when SARB reviews the securitisation framework again.

2.3 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 seemed to be uncertainty as to whether certain structural features my inadvertently be affected. In particular, there was a view that interest in respect to notes subject to interest deferral events my fall within the provisions for so-called hybrid interest. The sub-committee took the decision to seek legal opinion and an opinion was obtained based on a generic set of facts. The opinion concluded, based on the particular transaction example, that these subordinated notes did not meet the criteria to be classified as so-called hybrid debt instruments. However since each transaction differs from the next, each originator should assess the position on a transaction to transaction basis.

2.4 Protection of Personal Information Act 4 of 2013 (“POPI”)

A legal opinion was obtained on the implications of the abovementioned act on securitisation transactions. The opinion recommended that originators amend the underlying credit agreement to allow for specific and informed consent regarding securitisation transactions and the disclosure of personal information, alternatively, the originator may argue that the purpose for collecting personal information and the further processing thereof in the context of securitisation is not incompatible with the original purpose provided the processing of the
relevant debtors’ personal information in respect of pricing of the portfolio and collection purposes is adequate, relevant and not excessive. It was resolved that this matter not be taken further for now from an industry perspective.

3. **Outlook and Conclusion**

In conclusion, 2014/15 will continue to be a busy year on the legal and regulatory front.

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 2015
EDUCATION

UCT Securitisation Course
The joint initiative between the Forum and the University of Cape Town to run a course in securitisation is still in place. The annual UCT Securitisation course was held on the 27th and 28th of August 2014 at the FNB Conference and Learning Centre with 38 registered delegates. The course was well received and a number of delegates requested that an advance course in securitisation be offered next year, options for which are currently being explored.

In 2015, the course would be held in Cape Town, where the bulk of the investors are based. The course will take place on the 4th, 5th and 6th of August 2015. Based on feedback from 2014 course delegates, we have decided to add a third day to include a detailed case study. Angela Itzikowitz from ENS will again present the course with input from SASF members. Stephen von Schirnding will be asked to present the case study.

The course brochure is currently being produced and will be circulated to SASF members and potential delegates in due course.

IMN Capital Markets Conference
The 12th Annual African Capital Markets Conference - endorsed by the SASF - was held on the 13th and 14th of November 2014 in Cape Town. The 2014 programme continued to focus on the South African capital markets, but also emerging markets in Sub-Saharan Africa.

There were no securitisation specific panels at the 2014 conference and as agreed at the October 2014 Exco meeting the Forum would aim to have at least one panel discussion on Securitisation at the 2015 IMN conference, which will be proposed by SASF members represented on the IMN planning committee.
STANDARDISED REPORTING:

The Forum has, as part of its objective to increase investor appetite for securitisations, continued to drive Standardised post-issuance reporting of securitisation transactions in order to further improve transparency and comparability of transactions. As part of such process, the Communication and Education sub-committee engaged a number of Issuers during the year to explore what improved and more industry-consistent reporting could be achieved within existing cost structures.

The key reporting fields identified and agreed upon by the SASF Exco has been presented in an excel-based front page template for all post issuance reports for approval by members. Once approved, the proposed template will be circulated to reporting teams within Originators as a proposed guideline for post issuance reporting.

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 JSE listed transactions reports are listed on the website. On average we have had 400 visits to the site and 2,037 pages loaded per month over the last year (down from 567 and 2,341 during 2013/14).

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 2015
SASF website usage May 2015.

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**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.

http://statcounter.com/p6630383/summary/monthly-rpu-labels-bar-last12months/
SASF: Investor reports on the website as of 6 May 2015

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**

Blue Granite (Pty) Ltd - Standard Bank  
BG 1: February 2015  
BG 2: April 2015  
BG 3: April 2015 and rate reset April 2015  
BG 4: March 2015 and rate reset March 2015

Fox Street 1 (RF) Ltd – Investec  
March 2015

Fox Street 2  
February 2015

Greenhouse Funding (Pty) Ltd - Series 1 - Nedbank  
March 2015

Home Obligors Mortgage Enhanced Securities (Pty) Ltd (Series 1) - Absa Bank  
March 2015

Nqaba Finance 1 - Eskom Finance Company (EFC)  
February 2015

Thekwini Funds- SA Homeloans  
Thek 8: January 2015  
Thek 9: April 2015  
Thek 10: April 2015  
Thek 11: April 2015  
Thek 12: February 2015

**Commercial Mortgage-Backed Securitisation**

Precinct Funding 1 (RF) Limited - Nedbank Capital  
March 2015

**Asset-Backed Securitisations**

Fintech Receivables 2 – Nedbank Capital  
March 2015

SA Securitisation Programme (previously Equipment Rentals Securitisation) - Sasfin Bank  
Series 1
March 2015
Series 2
March 2015

Asset-Backed Securitisations - Autos
Nitro Securitisation 4 (Pty) Ltd - Wesbank
February 2015

SuperDrive Investments (Pty) Ltd - BMW FS securitisation - Standard Bank
February 2015

Torque Securitisation (RF) Limited – RMB
February 2015

Transsec (RF) Limited
February 2015

ABCP Conduits
Blue Titanium (Pty) Ltd - Standard Bank
March 2015

Indwa Investments (Pty) Ltd - Firstrand Bank
March 2015

Inkotha Investments (Pty) Ltd - Firstrand Bank
April 2015

Ivusi Investments (Pty) Ltd - Firstrand Bank
March 2015

Synthesis Funding (Pty) Ltd - Nedbank
March 2015

Thekwini Warehousing Conduit - SA Homeloans
April 2015

Synthetic Securitisations

Micro-Lending Receivables
Nyati Securitisation 1 (RF) Ltd
February 2015

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

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)

On the third day of the course, a case study will take participants through the creation of a complicated securitisation structure step by step.

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 that 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 on the first day unless otherwise advised. 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 three days. Please ensure that you sign the attendance register each day.

Course fee: R7,500 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 / irene.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
### Notes Outstanding:

<table>
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<tr>
<th>JSE Stock Code</th>
<th>Original Rating</th>
<th>Current Rating</th>
<th>Original issued amount</th>
<th>Current balance</th>
<th>Amount repaid in current period</th>
<th>Issue Date</th>
<th>Expected maturity date</th>
<th>Call date</th>
<th>Legal final maturity</th>
<th>Credit enhancement %</th>
<th>Issue Margin</th>
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</table>

**Credit enhancement available (excluding subordination of notes as listed above):**

Adapt as appropriate:

- Excess Spread
- Subordinated Loan
- Reserve Funds

### Pool Characteristics:

<table>
<thead>
<tr>
<th>Reporting date</th>
<th>Balance Notes Outstanding</th>
<th>Balance Loans Outstanding</th>
<th>Weighted average original LTV</th>
<th>Weighted average current LTV</th>
<th>Weighted average index LTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Inception</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quarter (15 months prior)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Quarter (12 months prior)</td>
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<td>Quarter (9 months prior)</td>
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<td>Quarter (6 months prior)</td>
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<tr>
<td>Quarter (3 months prior)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Quarter (most recent)</td>
<td></td>
<td></td>
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</table>

### Arrears Buckets:

<table>
<thead>
<tr>
<th>Balance of Loans</th>
<th>% of Total Balance of Loans</th>
<th>Since Inception</th>
<th>Last Quarter</th>
</tr>
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<tbody>
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<td>&lt;= 1 month in Arrears</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3 months in Arrears</td>
<td>0%</td>
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<tr>
<td>3 - 6 months in Arrears</td>
<td>0%</td>
<td></td>
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<tr>
<td>&gt; 6 months in Arrears</td>
<td>0%</td>
<td></td>
<td></td>
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<tr>
<td>Litigations</td>
<td>0%</td>
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<tr>
<td>Debt Review</td>
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<td>Third party attachments</td>
<td>0%</td>
<td></td>
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<td>Properties sold</td>
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<td>TOTAL</td>
<td>0%</td>
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</table>

### Trigger levels:

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<th>Trigger levels:</th>
<th>Any triggers breached?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes / No</td>
</tr>
</tbody>
</table>

If yes, list triggers and provide details:

- Arrears Reserve Trigger calculation method:

![Diagram showing Arrears Reserve Trigger and Stop Lending Trigger levels from Jul 2013 to Jan 2015.](image-url)

### Excess Spread

- Subordinated loan
- Reserve Funds

### Pool Characteristics:

- Reporting date
- Balance Notes Outstanding
- Balance Loans Outstanding
- Weighted average original LTV
- Weighted average current LTV
- Weighted average index LTV (excluding subordination of notes as listed above)

### Arrears Buckets:

- Balance of Loans
- % of Total Balance of Loans

### Trigger levels:

- Yes / No

### Arrears Reserve Trigger calculation method:
Securitisation Issuance Guidelines

1. Objective:

To document high level best practice issuance guidelines that Issuers, Originators, Administrators, Investors and Arrangers can refer to in order to ensure fair and transparent engagement between Issuers, Originators, Administrators, Investors and Arrangers on both JSE-listed and unlisted securitisation primary issuances in the debt capital markets.

These guidelines have been agreed between the South African Securitisation Forum (SASF) and the Association for Savings and Investment South Africa (ASISA) as at October 2014 and will be periodically reviewed to ensure they are relevant and adequately reflect prevailing best market practice.

2. Key Principle:

It is acknowledged that South Africa is part of the global markets and that principles and practices followed should be acceptable to all Issuers, Originators, Administrators, Investors and Arrangers, including foreign participants, having due regard to the particular requirements of the evolving domestic market.

3. Pre-Placement Processes:

3.1 The Programme Memorandum and Applicable Pricing Supplements or Offering Circular form the legal agreement between the Issuer and Investors. Terms, processes and timing should take into account the nature of the Issuer (for example whether a new or established securitisation programme, the type of securitisation and asset class) and the instruments expected to be issued in the context of relevant legislation and where appropriate, listing requirements.

3.2 Where appropriate (for example in the case of a new instrument type, securitisation programme or asset class), Originators, Issuers and Arrangers should engage relevant Investors a minimum of two weeks prior to a placement to determine what terms and/or documentation (for example events of default, structural features or financial information (including asset related information)) Investors will require to enable them to make an appropriately informed decision whether to invest or not. Reference, where relevant to established local and/or international precedent is encouraged, always having due regard to the particular requirements of (i) specific transactions, and (ii) the evolving nature of the domestic market.

3.3 For listed issuances, Issuers, Originators and Arrangers should comply with the timeframes of the JSE Debt Listing Requirements (“DLR”) set out in Sections 3.3, 3.12 and 4.19c of the DLR. For unlisted issuances, the timeframes should be agreed between Issuers, Originators, Arrangers and Investors prior to book-build, which timeframes may be different than those set out in the DLR.

3.4 Issuers, Originators, Administrators, Arrangers and Investors acknowledge that the South African securitisation market is an evolving one in which market norms and conventions in respect of some issuance terms and conditions remain to be established. Against the backdrop of this dynamic market development, Issuers, Originators, Administrators, Arrangers and Investors should share views on key issue terms where relevant (for example, in the case of new or non-standard instruments, structures and asset classes). To this end, where an Investor requests an Issuer, Originator or Arranger to share any feedback given by other Investors in respect of a specific term, provided the other Investor has not indicated that the feedback is confidential, Issuers, Originators and Arrangers are obliged, subject to complying with internal disclosure and compliance requirements, to share that feedback.

3.5 Issuers should comply with the information undertakings as set in Sections 4, 5, 6.1 and 6.2 of the DLR. In particular, Issuers should provide such further information (and update same prior to the auction date in the event of any changes) as may be relevant, including details of:

- Liquidity facilities and/or reserves;
- Credit enhancement;
- Trigger levels and consequences of breach;
- Basis on which information to measure trigger levels are compiled, for example clear definition of classification of arrear accounts;
- Detailed underlying pool data, including LTV’s, PTI’s, margin, size and geographic distribution;
- Eligibility criteria;
• Definitions of covenants; and
• Definitions of key data (e.g. arrears).

It is noted that first time securitisation Issuers are new special purpose vehicles with nil accounting balances. Audited financial information should be published on the JSE and/or SASF and/or Issuer and/or Originator and/or Administrator’s websites or available by e-mail upon request, on at least an annual basis, within six months of the Issuer’s financial year end.

3.6 Where an issuance has been rated:

• Indicative credit ratings should be made available to Investors in advance of the auction date;
• A credit rating should be maintained while any issuance remains outstanding. It is noted that the level of credit ratings are subject to change due to a number of factors beyond control of the Issuer, and thus a credit rating will be considered to have been maintained notwithstanding any credit rating changes);
• The issuance rating should ideally be available to Investors on the Issuer and/or Originator and/or Administrator’s website and if not then promptly upon request;
• Rating changes:
  • in regard to listed issuances should be communicated to Investors by the Issuer via SENS announcements; and
  • in regard to private placements, as agreed between Issuers and Investors on a case by case basis, within 2 working days of date of change.

3.7 The issuance documentation should provide for minority protection in the event of significant buy back activity on notes issued. 3.8 The Issuer and Originators should exercise any voting rights in respect of the Issuer’s debt instruments with consideration to those applicable minority protection principles generally available and applied to JSE listed instruments and Issuers. Entities would be regarded as related if either of them directly or indirectly controls the other, including as a subsidiary, or where one person/entity directly or indirectly controls both of them. Asset managers that are associated with an Issuer are not considered to be related entities (for example Investec Bank Limited and Investec Asset Management).

4. Placement Process:

4.1 Pre-placement disclosure:

4.1.1 Issuers should comply with the information undertakings as set in Sections 4, 5, 6.1 and 6.2 of the DLR. In particular, Issuers should provide such further information (and update same prior to the auction date in the event of any changes) as may be relevant, including:

• Liquidity facilities and/or reserves;
• Credit enhancement;
• Trigger levels and consequences of breach;
• Basis on which information to measure trigger levels are compiled, for example clear definition of classification of arrear accounts;
• Detailed underlying pool data, including historical loss data, LTV’s, PTI’s, margin, size and geographic distribution;
• Eligibility criteria;
• Definitions of covenants; and
• Definitions of key data (e.g. arrears).

4.1.2 Full details of the notes to be issued, which may include:

• The rating agency and indicative credit rating, where applicable, and tranches of notes proposed to be issued;
• Types of notes to be issued (for example floating rate, fixed rate, amortising or revolving, refinance options);
• Tenor of notes;
• Benchmark for setting the interest rate;
• Whether deltas are required or allowed; and
• Confirmation of the date that the Issuer or Arranger will send the final issuance documentation to Investors (refer point 3.3 above).

4.1.3 Date and timing of the placement (for example open from 09:00 to 12:00).
4.1.4 Detailed description of the placement methodology (whether auction or book-build are to be used, including whether with or without feedback to Investors).

4.1.5 The maximum size of the proposed issuance. Where Investor appetite in the placement exceeds the maximum size disclosed and the Issuer wishes to increase the size of the issuance, then the Arranger should contact all the Investors that participated in the process and inform them of the new maximum size and all Investors need to consent to their bid now being used in this follow on placement process. Issuers should provide a minimum issue size per instrument to be placed which, should there be sufficient demand within or below the Issuer’s specific price guidance the Issuer would commit to issue. It is noted that the sizes of securitisation issuances cannot easily be varied, due to inter alia the rating process followed by the rating agencies.

4.1.7 Disclosure of any committed hard underwriting/anchor/cornerstone bids including the quantum but not names or pricing levels.

4.1.8 Disclosure of any Investor groupings being excluded from taking part in the placement (for example, no bank bids will be accepted).

4.1.9 Disclosure of any Arranger and/or Originator take-up options.

4.1.10 The Issuer and Arranger are encouraged to provide upfront price guidance to Investors prior to the placement date.

4.1.11 Prospective Investors should provide Issuers and Arrangers with an indication of their interest in participating in the proposed placement, with as much detail as to size and pricing as is reasonably possible under the circumstances, by the day before the auction date.

4.1.12 Any actual or potential Originator or Arranger conflicts of interest should be disclosed to all prospective Investors. In this context, in the interests of a fair and transparent placement, Originators and Arrangers are requested to consider whether there is any arrangement in place in respect of the placement, not specifically contemplated above in 4, that would amount to a conflict of interest as generally understood and which should be disclosed to Investors. For example, where an Arranger’s trading desk intends to bid in the auction, it would be considered prudent for this to be disclosed to Investors and in addition, in order that no appearance of preference for that bid is shown, that the bid is submitted at the start of the placement process.

4.2 Post Placement Feedback:

Issuers and Arrangers are encouraged to provide as much information about the placement to Investors as is reasonably possible, including (without limitation):

- Total bids received;
- Total bids allocated;
- Number of bidders;
- An indication of bid pricing ranges showing levels and volumes;
- Confirmation of any related entity take-up;
- Confirmation of the allocation methodology; and
- Confirmation of any excluded Investor groups.

4.3 Post Placement Reporting

Administrators should provide Investors with a report on a quarterly basis, which should include:

- The amount of notes outstanding in each tranche issued;
- Rating assigned to tranche of notes, if any
- The covenant levels and confirmation of adherence to or breach of the covenants;
- Substitutions, if any;
- Buy-backs, if any;
- Confirmation of adherence to the Eligibility Criteria;
- Arrears (delinquency levels and trends);
- Confirmation of level of Liquidity facility and/or liquidity reserve;
- Pool performance (including arrears, recoveries and losses); and
• Contact names and details. It is noted that such contact information may change between quarterly reporting dates, and in such cases, Administrators should inform Investors thereof as soon as same occurs.

It is noted that the local market aspire to investor reporting in line with Market Practice Guidelines for Post-Issuance Reporting of Securitisations in South Africa (http://www.sasf.co.za/investorreports/Market_Practice_Guidelines.pdf), which is largely based on the European standards. An example of the European reporting template is attached hereto as Annexure A. The Market Practice Guidelines for Post-Issuance Reporting of Securitisations in South Africa are hereby thus recommended as the ideal standard with members being encouraged to apply same as far as practically possible in the interim. It is the intention that post issuance reporting guidelines in South Africa will be aligned with international best practice on a continuous basis. Issuers and Arrangers undertake to make loan-by-loan data (omitting client details) available to Investors if requested to do so.

5. Trustees and Directors

It is noted that the same trust company often provides the independent trustees and directors to all four entities participating in securitisation structures, namely the Issuer, Security SPV and the two related Owner Trusts. This has the benefit that such firm take responsibility for the securitisation structure as a whole. In order to facilitate clear distinction of the various roles and duties, it is suggested that different individuals act as directors and representatives of the trustee of the Issuer and Issuer Owner Trust on the one side and of the Security SPV and Security SPV Owner Trust on the other side.

6. Investor holdings

Investors undertake, subject to complying with internal disclosure and compliance requirements, to provide Issuers, Originators, Administrators and/or Arrangers with information in regard to their holdings of debt instruments issued by such Issuers upon request.
TAX AND ACCOUNTING

VERBAL REPORT BY BRENDAN HARMSE
MEMBERSHIP
ANNUAL REPORT OF THE MEMBERSHIP SUB-COMMITTEE FOR 2015

SASF Membership remained at 25.

The Executive Committee agreed to maintain the annual membership fees at R15,000 per member. Fees invoiced for 2014/2015 totalled R375 000.

We have received full payment of R375 000 in respect of all 25 members.

Membership outreach:

- Outreach to Sanlam ongoing. They have indicated interest and received the application forms but have yet to finalise. Ochert Doyer will advise accordingly.
- The SASF were approached directly by Mettle regarding membership. Information and application forms have been sent but no formal application has been submitted to date.
- Brendan Harmse approached Emelia Teixeira of Mercantile regarding membership. She advised that no decision had been taken re joining the Forum and this would be raised and discussed next year. Brendan will keep in contact with her and report back.
- SA Taxi have been approached regarding membership and have expressed interest in joining themselves over and above the Transaction Capital Membership.
- As Bayport are no longer part of the TC group of companies, Nick has approached David Rajak regarding membership with the Forum.

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<thead>
<tr>
<th>SA Securitisation Forum Members</th>
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<tbody>
<tr>
<td>1. ABSA Capital</td>
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<tr>
<td>2. Ashburton Investments</td>
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<td>3. BMW Financial Services (SA)(Pty)Ltd</td>
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<td>4. Deloitte &amp; Touche</td>
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<td>5. ENS</td>
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<td>6. Fintech</td>
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<td>7. TMF Corporate Services (Pty) Ltd</td>
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<td>8. Investec Asset Management SA</td>
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<td>9. Investec Bank Limited</td>
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<td>10. KPMG Services (Pty) Limited</td>
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<td>11. Maitland Group Limited</td>
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<td>12. Nedbank Capital</td>
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<td>13. Norton Rose South Africa</td>
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<td>14. OMIGSA</td>
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<td>15. PricewaterhouseCoopers</td>
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<td>16. Quince Capital</td>
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<td>17. Rand Merchant Bank</td>
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<td>18. Real People Investment Holdings</td>
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<td>19. SA Home Loans (Pty) Limited</td>
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<td>20. Sasfin Bank Limited</td>
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<td>21. Standard Bank of South Africa Limited</td>
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<td>22. STANLIB</td>
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<td>23. Transaction Capital Limited</td>
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<tr>
<td>24. Webber Wentzel</td>
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<td>25. Werksmans Inc</td>
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Nick Gunning
May 2015
ELECTION OF OFFICE BEARERS FOR 2015/2016
The meeting will be followed by a finger lunch.

**AGENDA**

**THE STARLING ROOM – Function ID 015300**

Corner Lincoln Road & Woodlands Drive, Woodmead, Sandton

At The Johannesburg Country Club, Woodmead, Johannesburg

Eighth Annual General Meeting to be held on Thursday 21 May 2015

SOUTH AFRICAN SECURITISATION FORUM

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11h30

Tea and coffee will be available.

11h45

Welcome and Apologies

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Adopt Agenda

1. Welcome and Apologies

2

2. Apologies

3

3. Approval of the Minutes of the Annual General Meeting held on 22 May 2014

4

4. Matters arising:

4.1 Approval of the Minutes of the Annual General Meeting held on 22 May 2014

4.2 Adoption of Agenda

5

5. Presentation and adoption of Chairmans Annual Report for 2015

6


7

7. Budget for 2016

8

8. Membership Fees – 1 March 2015 to 29 February 2016

9

9. Reports from sub-committees

9.1 Legal & Regulatory

9.2 Communication & Investors

9.3 Tax & Accounting

9.4 Membership

9.5 Chairmans

9.6 Secretary

9.7 Treasurer

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11. General