

SASF ANNUAL GENERAL MEETING

THURSDAY 16 MAY 2013 AT 11H30
INVESTEC BANK LIMITED
GROUND FLOOR VC ROOM
100 GRAYSTON DRIVE
SANDTON



**SOUTH AFRICAN
SECURITISATION FORUM**



INVITATION

Annual General Meeting

Date : Thursday 16th May 2013

**Venue : Investec Bank
100 Grayston Drive, Sandown, Sandton.
Ground Floor VC Room.
(Visitors entrance-Grayston Drive & West
Road South)**

Time : 11h30 – 13h00

Tea and coffee will be served at 11h15 and a finger lunch will follow the meeting.

RSVP

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

WELCOME AND APOLOGIES



ADOPT AGENDA



SOUTH AFRICAN SECURITISATION FORUM

SIXTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY 16 MAY 2013
AT 11H30
AT INVESTEC BANK 100 GRAYSTON DRIVE, SANDOWN, SANDTON.
GROUND FLOOR VC ROOM (VISITORS ENTRANCE-GRAYSTON DRIVE & WEST
ROAD SOUTH)

AGENDA

11h15 Tea and coffee will be available

11h30 - 13h00

1. Welcome and Apologies
2. Adopt agenda
3. Approval of the Minutes of the Annual General Meeting held on 17 May 2012
4. Matters arising
5. Presentation and Adoption of Chairman's Annual Report for 2013
6. Presentation and Ratification of Financial Report for 2013 and Budget for 2014
7. Membership Fees – 1 March 2013 to 28 February 2014
8. Reports from sub-committees:
 - 8.1 Legal & Regulatory - Mr. Hendrik Ackermann
 - 8.2 Communication & Education/Investors - Ms. Michelle Rosen
 - 8.3 Tax & Accounting - Dr. Morne du Plessis
 - 8.4 Membership - Ms. Armine Schaefer
9. Securitisation Issuance Guidelines
10. Election of Office Bearers
11. General
12. Annexures

The meeting will be followed by a finger lunch.

APPROVAL OF PREVIOUS MINUTES



MINUTES OF FIFTH ANNUAL GENERAL MEETING

HELD ON THURSDAY 17 MAY 2012 AT 12 NOON AT DELOITTE & TOUCHE, WOODLANDS DRIVE, WOODMEAD.

1. WELCOME & APOLOGIES

The Chairman, Andre Pottas, welcomed all those present. A total of 34 persons (2 on telecom), including members and their guests were in attendance.

Apologies were received from:

Aadila Kamdar	Deloitte & Touche
Adel Staple	Nedbank
Avishal Khusial	Libfin
Beverley Duncan	Coronation
Cathryn Emslie	Deloitte & Touche
Claudine Voigt	BMW Finance
Duncan Schwulst	Prudential
Elena Ilkovo	RMB
Freddy Magoro	Sanlam Capital Markets
Gisela Spencer	KPMG
Glen Christopulo	Fintech
Jan Wandrag	GMG Trust
Jason Lightfoot	Future Growth
John Martin	KPMG
Karin Rathbone	KPMG
Kumeshnee Singh	Deloitte & Touche
Kurt van Staden	Maitland Group
Lesley Venter	Deloitte & Touche
Marcu Landman	ABSA
Matthew Mutch	SA Homeloans
Mornu du Plessis	Nedbank
Nazrien Kader	Deloitte & Touche
Nuraan Sulaiman	OMIGSA
Pierre Swart	Norton Rose
Prasanna Nana	ABSA
Richard Hayne	Nedbank Capital
Richard Roothman	Werksmans
Shaun Ramsamuj	ABSA
Stephen von Schirnding	ENS
Valene Fredericks	BMW
Zendi Dunne	Deloitte & Touche

2. APPROVAL OF MINUTES OF THE FOURTH MEETING

The minutes of the previous annual general meeting which were previously circulated, were tabled and approved. These were proposed by Brendan Harmse and seconded by Chris Beneke.

3. MATTERS ARISING

There were no matters arising from the minutes.

4. PRESENTATION & ADOPTION OF CHAIRMAN'S ANNUAL REPORT

Andre Pottas presented the Chairman's Report. The report dealt with the status of the industry, internationally and locally and noted that, generally, the global industry is still facing significant challenges and continued to be under fairly severe strain for the reportable period, although locally there were encouraging signs of recovery. Further, the report noted that the Forum continued to function generally well. The report was adopted by the meeting (copy attached hereto).

The Chairman thanked the Exco members for their time and support during the past year. He also thanked the participants of the various sub-committees and, in particular, Pat Benbow-Hebbert for her

professionalism, dedication and hard work as secretariat, and Caryn Pottas, the Webmaster, for keeping the website up to date and relevant to the needs of market participants.

5. PRESENTATION & ADOPTION OF FINANCIAL REPORT FOR THE 12 MONTHS ENDED 29 FEBRUARY 2012.

Copies of the Financial Report were circulated and were available at the meeting. A copy of the Financial Report forms part of the minutes of the AGM. RK advised that the auditors would issue an unqualified audit report in respect of the 2012 financial statements and that Exco had approved the financial statements earlier that morning.

RK further advised that the Forum have had positive verbal feedback from SARS regarding the application for tax exemption of the Forum. We, however, await official written confirmation. Indication was that this would apply prospectively from the date of approval but that no refund for taxes paid to date would be considered. We would take advice and appeal this ruling once official notification from SARS was received.

All tax returns and tax payments have been submitted to SARS and the Forum was fully up to date on the tax side.

The approval of the financial statements was proposed by David Porter and seconded by Brendan Harmse.

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

A request to approve the proposed budget (attached as part of these minutes) for the year ahead was tabled. This was proposed by Hendrik Ackermann and seconded by Michelle Rosen.

6. PRESENTATION OF REPORTS FROM SUB-COMMITTEES

The various reports were tabled and are attached as part of these minutes. The reports, together with the Financials, were to be reflected on the SASF website.

7. MEMBERSHIP FEES

It was noted that membership fees were to be levied for the 2012/2013 Financial Year.

Rob Kelso pointed out that a decision had been taken at the Exco meeting held prior to the AGM to levy a membership fee of R15 000 per member across the board. This amount would cover the budgeted basic operating costs of the Forum for the coming year.

It is noted that the Forum operates on a break even basis, and it was decided that should any large unforeseen expenses arise, then it would approach members and propose a special interim fee with a motivation why that was necessary.

Invoices for the R15 000 would be issued and mailed to members.

8. ELECTION OF THE EXECUTIVE COMMITTEE FOR 2012/2013

Andre Pottas stepped down as Chairman of the Forum and resigned from Exco. Brendan Harmse agreed to take over the Chairmanship. Sharyn Zall of Investec was appointed as Deputy Chairman and Vishala Dilsook of Fintech, as Treasurer.

The existing Exco members, with the exception of Richard Hayne, indicated that they were willing to stand for re-election. Hendrik Ackermann would represent Nedbank.

There were no additional nominations from the floor.

The meeting proposed that the existing Exco retained their current positions and by show of hands, this was unanimously approved.

Brendan Harmse thanked Andre Pottas on behalf of Forum for chairing the Forum for the past 2 years and his guidance and success in leading the Forum through challenging times.

Brendan Harmse thanked the Forum for the confidence expressed in him, and undertook to facilitate dealing with the challenges still facing the securitisation market, in a consultative and inclusive manner.

9. GENERAL

The office bearers of the new Exco would be formalised at the Exco meeting to be held on 16 August 2012.

The meeting was formally closed and followed by a finger lunch.

CHAIRMAN

DATE

MATTERS ARISING



PRESENTATION AND ADOPTION OF CHAIRMAN'S ANNUAL REPORT FOR 2013





Chairperson's Report to the Annual General Meeting - 16 May 2013

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.

On behalf of the Forum I hereby extend a warm welcome to you all. I understand from the Secretary that the number of attendees that confirmed that they would be present here today is the highest in the history of the Forum. I trust that your interest bodes well for the future of the Forum and the local Debt Capital Markets ("DCM").

This Annual General Meeting ("AGM") is an opportunity to report back to you, the stakeholders, on the activities, achievements and challenges of the Forum during the past year, and also to gauge in a crystal ball on what might lie ahead in the coming year. There is of course 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 to improve same.

We will be reporting back to you on how the finances of the Forum were managed during the reportable period and last, but not least, it is also a time for the election and/or re-election of the Forum's office-bearers for 2013/14. 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.

Please allow me to firstly briefly summarise the key events of the last 12 months in the global and domestic economies, as well as in the European and local securitisation industries.

Global and Domestic Economic Conditions (1)

The general economic mood appears to be less somber than was the case a year ago, as the three big high-risk, high impact concerns of last year, namely a potential Eurozone breakup, the US fiscal cliff and a possible hard landing in China were avoided, or at least postponed for now. However, the low growth environment looks set to persist, and the most recently published World Economic Outlook of the IMF indicates that global growth is unlikely to be much better in 2013 than was the case in 2012. Recent political and banking sector developments in Cyprus, Portugal, Spain and Italy illustrate just how fragile the recovery remains.

We are in effect seeing a continuation of the crisis which has mutated between a sub-prime crisis, a growth crisis, a fiscal crisis, a sovereign debt crisis, a systemic banking crisis and a political crisis. All of these aspects are of course interrelated, and very often the resolution of one creates problems in another sphere. Nowhere is it more evident than in Europe where weak political and economic outcomes and outlooks are feeding off each other. The banking crisis in Cyprus illustrates clearly how even very small countries can potentially be systemically important.

The other major lagging economy is Japan, and the outlook here is perhaps a bit more difficult to assess following the announcement of significant monetary and fiscal stimulus packages. The outlook for the United States is a bit more positive, with the worst of the fiscal cliff scenarios having been averted. The Dow Jones recently made all-time highs which illustrates the equity market's more positive views for the next 12-18 months. Fears of a hard landing in China have abated, and although a return to previous elevated growth rates is unlikely, the expected annual growth rates of around 8 per cent should help to underpin the demand for and the price of commodities, which is as you know critical for South Africa's growth outlook.

The ZAR exchange rate is an important part of this story. As we have seen the Rand has been on a depreciating trend over the past few months, but has also been highly volatile, which makes forward planning more difficult.

I touch on the above as these conditions, outlooks and, can I add, moods ultimately drive demand for funding (and thus availability of quality financial assets), including securitisation funding.

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

2012 was characterised by continuing low demand for funding, flat GDP and relatively mixed messages from policymakers.

For the full year, EUR 238bn of securitised product was issued in Europe, a decline of 36.0% from 2011. However, a higher proportion by euro volume was placed in 2012 (30.3% of issuance) compared to 2011 (23.7% of issuance). At the end of Q4 2012, EUR 1.7 trillion was outstanding, of which EUR 896bn (52.8% of outstandings) was retained, presumably for repo or other secured financing purposes.

1: Source: Speech Gill Marcus, Governor South African Reserve Bank, April 2013.

2: Source: AFME Securitisation Data report Q4 2012

In Europe, the amount of negative rating migrations eased in Q4 2012 from Q3 2012. Downgrades were concentrated largely in prime RMBS and from Spanish collateral deals.

The GFMA responded in detail to the November 2012 proposals of the Financial Stability Board (“FSB”) regarding regulation of the shadow banking system. The response pointed out, inter alia, that shadow banking could contribute positively to the financial system by providing significant funding to capital markets and thus the real economy, and by diversifying risk in the financial system.

In December 2012, the Basel Committee on Banking Supervision (“BCBS”) published a Consultative Document entitled “Revisions to the Basel Securitisation Framework”. If adopted unchanged, the proposals will significantly increase capital requirements for the highest rated securitisations. The GFMA submitted a detailed response in March 2013 highlighting their concerns and proposing alternative solutions.

In January 2013, the Group of Governors and Heads of Supervision of the BCBS published a revised liquidity standard for banks. It was positive that the new standard proposed the (limited) inclusion of certain categories of RMBS.

BCBS and IOSCO issued a consultation document in February 2013, which will require initial and variation margin to be posted for all non-centrally cleared derivatives. The proposed regime would have a significant impact on securitisation, considering that most transactions use swaps (e.g. for currency exchange, interest rates). GFMA submitted a response to the consultation in March 2013 asking BSBC/IOSCO to confirm that securitisations will be exempt, on the basis that SPVs simply have no resources to post collateral for initial or variation margin.

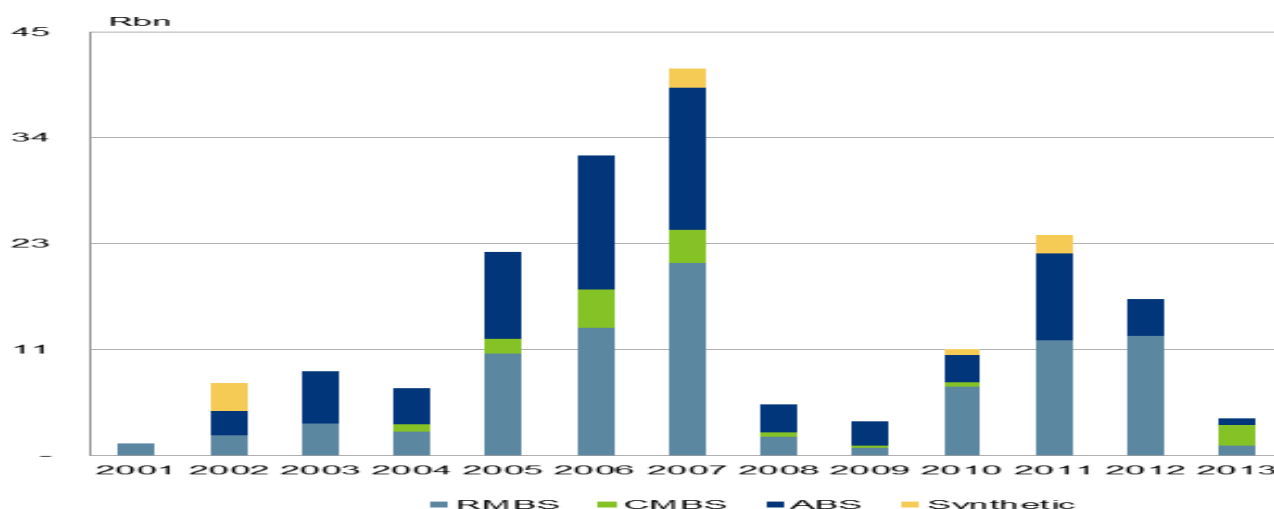
Originators began the process of submitting loan by loan data to the European Data Warehouse in order to maintain compliance with the loan level data requirements of the ECB.

In summary, the European securitisation industry is still “in the woods”. The continued challenging global economic environment referred to above, does not bode well for the issuance outlook, and the euro volume being placed vs. retained, for the rest of 2013.

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.

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

A summary of local securitisation term issuance since 2001 is set out below:



Per the above data, term issuance in 2012 was down 29% at R16.562bn from R23.374bn in 2011, with R3.885bn so far being issued in the first three months of 2013. Current outstanding term issuance is R47.900bn, down from R50.175bn and R49.079bn end 2012 and end 2011 respectively. The issuance outlook for the rest of 2013 is mooted, due to securitisation funding still being more expensive than the local banks' other sources of funding and their balance sheets being fairly cash flush. 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 currently still being debated.

Current outstanding ABCP issuance is R28.433bn, which is up from R26.033bn end 2012 and down from R33.969bn end 2011. During 2012, the ABCP conduits continued to issue at rates fairly consistent with 2011 levels (around 20bp).

During my introduction last year as new chairperson of the Forum, I highlighted the risk and potential adverse impact that Board Notice 80 could have on the ABCP conduits, as well as the restrictive inclusion limits on non-equity securities, which would adversely impact most DCM issuers. These have unfortunately started to manifest in 2013 as mentioned above.

The biggest part of the Legal and Regulatory sub-committee, its chairman, some EXCO and ASISA members and my Forum related efforts more recently, have been focused on trying to facilitate dialogue and amicable resolution thereof with the various involved parties. I hereby extend my gratitude to these individuals for their input so far, and in advance for the amicable resolution thereof which I trust will be found.

Also on the regulatory front, New Basel securitisation proposals in draft form were published, discussed and commented on by a Banking Association ("BA") Workgroup.

An interesting event occurred during December 2012 when New ERA brought an urgent application in the High Court against a number of respondents, which included most securitisation issuers, requesting that existing legal action against delinquent debtors be stayed. The action was based on their assertion that the banks did not have the *locus standi* to bring legal action as their claims against the debtors had allegedly been settled by the securitisation issuers. The major banks opposed the application and it was struck from the roll. EXCO debated the merits of New ERA's attack on securitisation and the general view was that, although it had no merit, it had the potential to damage the reputation of securitisation considering the adverse publicity that it attracted. It was resolved that enquiries would be directed to related information on the Forum's website.

More details on the above have been set out in the Legal and Regulatory sub-committee's report.

Summary of the Status of the Forum

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.

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:

- a) Legal and Regulatory;
- b) Education and Communication;
- c) Tax and Accounting; and
- d) Membership.

The Chairpersons of the various sub-committees will, during the course of this meeting, provide you with a more detailed account of what the Forum has been doing to support the securitisation industry in South Africa over the past year.

The finances of the Forum continue to be well managed and a summary of the financial status will be presented shortly in the Financial Report.

Key issues addressed by EXCO over the past 12 months:

During the middle of 2012, I undertook a mini roadshow to see issuers, arrangers and investors to discuss the status of the local securitisation market and what they required from the SASF in order to remain relevant.

The main matters raised during these discussions were:

- a) Rejuvenate the standardised reporting and documentation initiative to improve the availability and relevance of information;
- b) Set up best practice issuance guidelines for securitisation, as has been set up by the Debt Issuers Association ("DIA") for, *inter alia*, corporate bonds and other commercial paper;
- c) Improve proactive and clear communication with the investors. The feeling was that the way in which some issuers and arrangers have communicated with the investors on matters like transaction changes, redemptions, etc. had not helped to restore confidence in the market. Trustees have not been seen to be sufficiently proactive, in some cases due to the investors' own doing, but often also due to the lack of adequate communication from arrangers and issuers;
- d) Education in the industry for the trustees of the various funds being managed by the asset managers; and
- e) The rating agencies' service deliverables had become an increasingly constant struggle as there was little remaining physical presence in RSA.

In summary to report back re the above:

a) Standardised Investor Reporting

Due to the above mentioned conditions and developments, EXCO agreed that as securitisation is unfortunately currently not a preferred funding option for the major banks, the major banks would not be prepared to allocate budget to upgrading their systems to generate standardised investor reports.

The European reporting standards were recommended as the ideal standard with members being encouraged to apply same as far as practically possible in the interim. Same has been included in the electronic pack circulated to you. 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.

b) Securitisation Issuance Guidelines

Compiling and agreeing best practise securitisation issuance guidelines, have proved to be more time consuming and tricky than was initially envisaged. One of the main philosophies in compiling same, a process that is being coordinated by Ms. Sharyn Zall, is to consult as widely as possible to obtain as much buy-in as possible from all industry players.

Included in the AGM meeting pack, is a draft initiated by a core working group formed for such purposes ("workgroup"), for your perusal and further discussion purposes. I hereby request that you please submit any comments you may have in writing to Ms. Sharyn Zall (sharyn.zall@investec.co.za) by Friday 24 May 2013, who will consolidate same for purposes of a teleconference call for all commenting members during the week of 3 June 2013. Once commenting members' comments had been considered by the workgroup, updated guidelines will be sent to the ASISA representatives for finalisation.

c) Communication

As part of the bigger communication strategy, it is important for the Forum, ASISA (more specifically Bondcom) and the DIA to interact with one another more regularly and to focus on how to improve the market and the efficiencies thereof. During the year the Forum was offered a seat on the DIA committee. As Investec Bank Limited ("Investec") intended to take up a position on the DIA as well, it was agreed that Ms. Sharyn Zall attend meetings with two hats on, namely that of Investec, and that of the Forum. I have on a regular basis interacted with Mr Adre Smit of ASISA during the past year and I hereby extend my gratitude to him for his assistance and indirect contribution to the workings of the Forum.

I have been getting the sense of growing pro-active, upfront communication between issuers, arrangers and investors. In my capacities as chairman of the Forum and as independent director and trustee operating in the industry, I can't emphasise and request enough that stakeholders interact and communicate on a regular basis. I recognise that we all have different priorities and agendas, but it is in the best interests of strengthening our industry, which will still be facing a number of stiff challenges in the coming year as mentioned.

d) Education

The Forum continued to endorse the UCT Securitisation Course and the 10th annual IMN DCM Conference, which yielded the highest number of delegates in its history (over 600).

The one area though that requires attention is the attempted improved education of the trustees of the various funds being managed by the asset managers.

e) Rating Agencies

The Forum continued to monitor service levels. Albeit still slow from the international rating agencies, it appears that issuers and arrangers have allowed more lead time in order to close transactions. It will be interesting to see how the market develops around the local based rating agency.

f) Other

The Forum is currently in conjunction with the BA expanding its existing securitisation information platform to include a cumulative summary of annual issuance and redemption information, other asset classes in addition to traditional bank securitisations, e.g. conduits, non-bank issuers and repackaging transactions. A link is being set up between the Forum and the BA's website to facilitate seamless access for users.

Changes in EXCO over the past 12 months

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

- a) The Treasurer, Ms. Vishala Dilsook, resigned from Fintech during mid-April 2013 and was replaced on EXCO by Ms. Lourandi Kriel. The Treasurer position was not filled and the Secretary and I undertook such function in the interim;
- b) Dr Morné Du Plessis took over the Chair of the Tax & Accounting sub-committee from Ms. Kumeshnee Singh in an acting capacity whilst she in on maternity leave;
- c) Ms. Karen Couzyn resigned as Webber Wentzel ALN's representative on EXCO and was replaced by Mr Neville Krige; and
- d) Ms. Jill van Aswegen replaced Ms. Cathryn Emslie as Deloitte's representative on EXCO.

Ms. Michelle Rosen has indicated that she is not available to continue serving as chairperson of the Education and Communication sub-committee, although she is available to remain on EXCO as an investor representative. Ms. Prasanna Nana will step down as Absa Bank Limited's representative on EXCO and she will be replaced by Mr. Walter Green. It is also proposed that Ms. Lourandi Kriel will replace Ms. Vishala Dilsook as Fintech's representative.

The rest of EXCO have expressed their willingness to continue in office if so desired by the members of the AGM. A new Treasurer and chairperson of the Education and Communication sub-committee will, however, need to be appointed from EXCO's ranks.

I would like to take this opportunity to thank all EXCO members for their service to the Forum and industry over the past year, and to welcome the new members onto EXCO. Please afford me the opportunity to

especially extend my gratitude to Mr. Hendrik Ackerman – chairman of the Legal and Regulatory sub-committee, Ms. Sharyn Zall – our vice chairperson, and last, but not least, our Secretary – Ms. Pat Benbow-Hebbert, who again splendidly managed the administration related affairs of the Forum.

Summary

In summary then, the global and local securitisation industries are still “in the woods” due to a number of adverse economic, political and regulatory challenges. Locally there is still investor appetite, but same could be subject to how the mentioned discussions with the regulators pan out. The investor appetite, however, is not at rates that the major banks find attractive, given their relatively cash flush balance sheets and lower demand for funding. It does seem, however, that the smaller banks and existing non-bank issuers will continue to utilise securitisation funding.

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 going forward. A number of Forum initiatives, as mentioned will be continuing in order to in the coming year meet the Forum’s objectives as stated in its constitution.

There is still a lot of work for us to do in re-establishing securitisation as a sound and competitive funding and investment mechanism. I wish you the best therewith. Being a collective effort, please be assured of the Forum and its sub committees’ assistance as and when required.

I thank you.

Brendan Harmse

Chairperson: South African Securitisation Forum

16 May 2013

PRESENTATION AND RATIFICATION OF FINANCIAL REPORT FOR 2013 AND BUDGET FOR 2014



**The South African Securitisation Forum
Annual Financial Statements
for the year ended 28 February 2013**

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2013

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 (Deputy Chairman)	
	V Dilsook (Treasurer)	Resigned April 2013
	H Ackermann (Chairman of Legal & Regulatory sub-committee)	Appointed 17 May 2012
	M Rosen (Chairman of Communication & Education sub-committee)	
	A Schaefer (Chairman of Membership sub-committee)	
	S Howie	
	R Roothman	
	J Martin	
	R Kelso	
	N Zeelie	
	P Nana	
	K van Staden	
	D Eraman	
	N Krige	Appointed 1 November 2012
	J van Aswegen	Appointed 14 February 2013
	C Emslie	Appointed 1 May 2012 Resigned 14 February 2013
	O Meshoe-Majola	Resigned 15 March 2012
	L Cunningham-Scott	Resigned 15 March 2012
	R Hayne	Resigned 17 May 2012
	A Pottas	Resigned 17 May 2012
	K Couzyn	Appointed 17 May 2012 Resigned 1 November 2012
Other	Name	
	K Singh (Chairman of Tax & Accounting sub-committee)	
	M du Plessis (Acting Chairman of Tax & Accounting sub-committee)	
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 2013

Index

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

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

Detailed Income Statement	11
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The annual financial statements set out on pages 5 to 10, which have been prepared on the going concern basis, were approved by the executive committee on 16 May 2013 and were signed on its behalf by:

Chairman

Treasurer

Johannesburg
16 May 2013

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 2013, the statement of comprehensive income and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 10.

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 11 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

16 May 2013
Cape Town

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2013

Statement of Financial Position

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Accounts receivable	2	-	-
Cash and cash equivalents	3	213 889	161 392
Total Assets		213 889	161 392
Funds and Liabilities			
Funds			
Accumulated funds	4	205 638	153 141
Liabilities			
Current Liabilities			
Accounts payable		8 251	8 251
Total Funds and Liabilities		213 889	161 392

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2013

Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Revenue	5	315 250	250 000
Other income		65 009	-
Operating expenses		(335 359)	(194 333)
Operating profit		44 900	55 667
Investment revenue	6	7 597	20 865
Profit before taxation		52 497	76 532
Taxation	7	-	(101 689)
Profit / (Loss) for the year		52 497	(25 157)

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2013

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash generated from operations	8	44 900	18 916
Interest income		7 597	20 865
Taxation paid	9	-	(287 682)
Net cash from operating activities		52 497	(247 901)
Net cash movement for the year		52 497	(247 901)
Cash and cash equivalents at the beginning of the year		161 392	409 293
Cash and cash equivalents at the end of the year	3	213 889	161 392

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 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
2. Accounts receivable		
Membership fees receivable	-	20 000
Provision for doubtful debts	-	(20 000)
	<u>-</u>	<u>-</u>
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	<u>213 889</u>	<u>161 392</u>
4. Accumulated funds		
Opening balance	153 141	178 298
Profit / (Loss) for the year	<u>52 497</u>	<u>(25 157)</u>
	<u>205 638</u>	<u>153 141</u>
5. Revenue		
Membership fees - current year	315 250	220 000
Prior years' unidentified receipts	-	30 000
	<u>315 250</u>	<u>250 000</u>
6. Investment revenue		
Interest received		
Bank	<u>7 597</u>	<u>20 865</u>
7. Taxation		
Major components of the tax expense		
Current		
Interest and penalties on taxation	<u>-</u>	<u>101 689</u>

No other provision has been made for 2013 taxation as the Forum had no taxable income at the accounting date. The computed tax loss available for set-off against future taxable income is estimated at R 177 817 (2011: R 190 208).

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.

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2013

Notes to the Annual Financial Statements

Figures in Rand	2013	2012
8. Cash generated from operations		
Profit before taxation	52 497	76 532
Adjustments for:		
Interest received	(7 597)	(20 865)
Changes in working capital:		
Accounts payable	-	(36 751)
	<u>44 900</u>	<u>18 916</u>
9. Taxation paid		
Balance at the beginning of the year	-	(185 993)
Interest and penalties on taxation	-	(101 689)
Balance at the end of the year	-	-
	<u>-</u>	<u>(287 682)</u>
10. Auditors' remuneration		
Audit fees	<u>8 250</u>	<u>8 250</u>

The South African Securitisation Forum
Annual Financial Statements for the year ended 28 February 2013

Detailed Income Statement

Figures in Rand	Note(s)	2013	2012
Revenue			
Membership fees	5	315 250	250 000
Other income			
Decrease in provision for doubtful debts		20 000	-
Income from SARS		45 009	-
Interest received	6	7 597	20 865
		72 606	20 865
Operating expenses			
Auditors' remuneration	10	8 250	8 250
Bad debts		20 000	-
Bank charges		1 796	1 390
Consulting fees paid		180 000	107 800
Increase in provision for doubtful debts		-	20 000
Legal costs		54 200	-
Other Expenses		4 458	-
Secretarial fees		4 766	524
Sundry office costs		4 721	4 992
Travel - local		20 158	11 542
Website running costs		37 010	39 835
		335 359	194 333
Profit before taxation		52 497	76 532
Taxation	7	-	(101 689)
Profit / (Loss) for the year		52 497	(25 157)



SOUTH AFRICAN
SECURITISATION FORUM

FINANCIAL REPORT

Actual results - F2013
Proposed Budget - F2014

Financial results for year ended 28 February 2013

- Audit completed and audit clearance received (unqualified).
- AFS approval at Exco meeting.
- Key financial metrics:
 - Additional membership fee;
 - Profit for the year (net opex) which exceeded the budgeted loss;
 - Other income comprise of interest and penalty refunds from SARS;
 - Website costs were lower than anticipated as there was no change in the services provided;
 - There were unforeseen legal costs of around R40 000 that were incurred which was not previously budgeted for (ENS re 2008 CPA); and
 - More positive cash position at Feb 2013.
- Other:
 - Net zero bad debts due to reversal of R20 000 previous year; and
 - Part of the general contingency was utilised for legal costs.



AUDITED FINANCIAL RESULTS - YEAR ENDED FEBRUARY 2013

	Actual Feb 2013	Budget Feb 2013	Variance
Income	387 856	307 933	79 923
Interest on cash	7 597	7 933	-336
Membership Fees - Net of doubtful collections	315 250	300 000	15 250
Other Income	65 009	-	65 009
Expenses	-335 359	-413 980	78 621
Auditors	-8 250	-9 250	1 000
Bad debts	-20 000	-	-20 000
Bank charges	-1 796	-1 500	-296
Website design, maintenance costs	-37 010	-97 430	60 420
Consulting secretarial fees	-180 000	-184 800	4 800
Legal costs	-54 200	-	-54 200
Other expenses	-4 458	-	-4 458
Sundry office costs	-4 721	-6 000	1 279
Secretarial fees	-4 766	-	-4 766
Travel	-20 158	-15 000	-5 158
General contingency	-	-100 000	100 000
Profit/(loss) before tax	52 497	-106 047	158 544
Cash at Beginning of the year	161 392	161 392	161 392
less: Net expenses	52 497	-106 047	158 544
less: Change in creditors	-	-8 251	8 251
Actual cash balance at year end	213 889	47 094	166 795
Less: Creditors outstanding year end	-8 251	-	-8 251
Cash available at year end (acc. funds)	205 638	47 094	158 544

Proposed Budget – Year ended February 2014



- **Membership fee:**
 - Fee maintained = R15 000/member
 - To be invoiced in May-June 2013; and
 - If additional unbudgeted expenditure, then will ask for approval to raise additional fees.
- **Expenses:**
 - An inflation rate of 6% was used except for travel; and
 - Additional R50 000 project contingency.
- **Tax:**
 - Awaiting formal confirmation of tax exemption.
- **Cashflow position:**
 - Membership fees set at a level to cover operating costs (including contingency), and for the SASF to remain marginally cash positive.

SA SECURITISATION FORUM

Budget - Year ended February 2014

	Actual 2013	Feb 2014	Basis
Income	387 856	341 483	
Interest on cash	7 597	11 483	15 000
Membership Fees - Net of doubtful collections	315 250	330 000	
Other Income	65 009	-	-100%
Expenses	-335 359	-330 443	
Auditors	-8 250	-8 745	6%
Bad debts	-20 000	-	6%
Bank charges	-1 796	-1 904	6%
Website design, maintenance costs	-37 010	-39 231	6%
Consulting secretarial fees	-180 000	-192 600	6%
Legal costs	-54 200	-	6%
Other expenses	-4 458	-4 725	6%
Sundry office costs	-4 721	-5 004	6%
Secretarial fees	-4 766	-5 052	6%
Travel	-20 158	-23 182	15%
General contingency	-	-50 000	Contingency
Profit/(loss) before tax	52 497	11 040	
Tax	-	-	
- Interest	-	-	
- Penalties	-	-	
Profit/(loss) before tax	52 497	11 040	
Cash at Beginning of the year	161 392	213 889	
Less: Net income over expenses	52 497	11 040	
Less: Change in creditors	-	-8 251	
Actual cash balance at year end	213 889	216 678	
Less: Creditors outstanding year end	-8 251	-	
Cash available at year end (in acc. funds)	205 638	216 678	

APPROVAL OF 2013/14 MEMBERSHIP FEES



REPORTS FROM THE SUB-COMMITTEES



LEGAL AND REGULATORY



Annual Report of the Legal & Regulatory Sub-Committee of the South African Securitisation Forum for the 2012/2013 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 would 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 Sub-committee meetings were held during the term, namely in May and November 2012 and in January and April 2013. All the meetings were well attended.

2. Pressing Legal and Regulatory Matters

A main unresolved matter 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. The market view, on the introduction of Board Notice 80 in 2012, was that ABCP conduits whose financial statements were consolidated by their sponsor groups, would meet the requirements of paragraph 8(7) (b) should the sponsor group meet those requirements. This was based, *inter alia*, on the industry discussions during the market commentary phase of drafting Board Notice 80, and based on comments made by the FSB as to what the regulations aimed to achieve, namely to provide investor protection against market operators with no or little financial substance, as more specifically pointed out in the FSB's explanatory memorandum dated 19 December 2011.

In late 2012, Standard Bank Trustees started to question this interpretation. They are of the view that a strict legal interpretation needs to be followed and are therefore of the view that most ABCP conduits in the market do not satisfy the requirements of paragraph 8(7)(b) of Board Notice 80 as these conduits neither has capital and reserves of at least R100 million nor are they part of their respective Groups as defined in the Companies Act. As a result these investments are not deemed eligible for inclusion in Money Market Portfolios. The Securitisation Regulations (under which these conduits are established) prohibit the sponsoring banking group from holding the controlling equity stake in these conduits, which makes it structurally impossible to comply with paragraph 8(7)(b) - Securitisation vehicles cannot be subsidiaries of any entity in the sponsoring banking group.

The following industry actions have taken place to date:

- a) Discussions with the financial markets and stability unit at National Treasury. National Treasury's view is that the matter first needs to be discussed with the FSB and SARB before they can intervene;
- b) The sub-committee submitted a letter to ASISA to assist ASISA in their engagement with the FSB and Trustees. It is suggested that a similar enabling provision be considered as that what is currently contained in the UCITS Directive, applicable to Undertakings for Collective Investments in Transferable Securities ("UCITS") in Europe. In terms of the UCITS Directive, instruments issued by ABCP conduits are eligible to be held in regulated money market portfolios;
- c) ASISA submitted a letter to the FSB requesting that Board Notice 80 be amended to allow, *inter alia*, for the inclusion of money market instruments issued by ABCP conduits in money market portfolios;
- d) The issue was raised at a sub-committee of SARB's Financial Markets Liaison Committee and it was resolved that this needs to be discussed at a broader forum consisting of all relevant market participants and regulators;
- e) A meeting took place between ASISA, representatives of the Trustees and the FSB at which meeting the FSB confirmed that the Standard Bank trustees' interpretation is correct;
- f) A meeting scheduled between the FSB, Brendan Harmse and Hendrik Ackermann to discuss the matter was cancelled at the request of the FSB. Brendan did however have a telephonic discussion with the FSB where the FSB confirmed the Standard Bank trustees' interpretation and
- g) A number of ABCP conduits are making arrangements to introduce R100 million of capital and reserves in order to comply with paragraph 8(7)(a) of Board Notice 80.

It is the sub-committee's view that this matter, together with the issue of limits (as set out under 3.1. below) be debated at an broader industry level consisting of buy side and sell side participants, National Treasury, SARB and the FSB.

3. Overview of the sub-committee's 2012/13 activities

3.1 Board Notice 80

In addition, to the abovementioned issue with paragraph 8 (7) of Board Notice 80, the sub-committee is also concerned about the potential limiting impact on the growth potential of securitisation that the restrictive inclusion limits on non-equity securities potentially holds.

The issue revolves around the interpretation of the phrase "*listed on an exchange*". The sub-committee debated whether it could be possible to interpret the phrase to include debt listed on the JSE. Should this interpretation be possible, debt securities listed on the JSE's Interest Rate Market issued by issuers whose equity is not listed on the JSE can fall under the 100 per cent portfolio allocation, if not the restrictive 10 per cent portfolio limit will apply.

Legal opinion was obtained from senior counsel (Adv. A Subel) who was of the view that listed securitisation notes fell under the more restrictive 10% portfolio limit as the issuer's equity was not listed on the JSE.

The restrictive limits have a broader impact on the capital markets than just on the securitisation market in that the growth of the corporate bond market for issuers who do not have equity listed on the JSE, repack/secured note programmes and other asset backed programmes are severely limited.

It is estimated that portfolio limits create a “shortfall” of approximately R63 billion for unlisted issuers with only listed debt securities in issuance. It is our understanding that fund managers are already experiencing capacity constraints due to the restrictive limits.

In this regard, Board Notice 80 also:

- a) ignores the rigor, transparency and value of obtaining a debt listing on the Interest Market of the JSE and totally ignores the high quality and structurally robustness of securitisation transactions in South Africa which is subjected to robust oversight (i.e. approval by SARB and ratings assigned by rating agencies);
- b) is out of kilter with the limits contained in item 4 of table 3 (Chapter 2) in terms of which money market funds may invest up to 20 per cent in instruments issued by unlisted issuers and Regulation 28 which makes a clear distinction between (i) listed debt securities where the issuer has equity listed on an exchange (ii) listed debt securities where the issuer has only debt listed on an exchange and (iii) unlisted debt securities.

The sub-committee believes that it is warranted to facilitate an in depth review of the impact that the current limits set has on the ability of asset managers to diversify their portfolios based on available fixed income instruments in the local market. The sub-committee also believes that amendments be considered to Board Notice 80 to align the limits to the limits contained in Regulation 28 to make a clear distinction between (i) debt issuers which also has listed equity on an exchange (ii) debt issuers which only has listed debt (e.g. medium sized corporates, securitisation vehicles (including ABCP conduits) and repackage structured note programmes; and (iii) unlisted debt instruments.

The letter to ASISA, mentioned in 2 above, set this view out as well.

3.2 Companies Act, 2008

The matter of the composition of the boards of public listed securitisation issuers to comply with the Act was debated. The sub-committee is comfortable that it is in line with the Act for the boards of securitisation issuers be constituted with 4 (four) members, 3 (three) thereof being independent, with the latter 3 (three) also forming the audit committee.

3.3 The NEWERA litigation

The NewERA matter is a class action against the 4 major Banks and SARB where in essence they challenge the traditional methodology on which the banking system operates. A key issue is securitisation.

NewERA, an NGO, with 154 members brought a class action in July 2012 against the 4 major Banks (Absa, FNB, Nedbank and SBSA) and SARB attacking the constitutional validity of the legislative framework of the South African Banking System on three fronts 1) fractional lending; 2) Signiorage; and 3) securitisation.

On 21 December 2012, NewERA also brought an urgent application to Court against a number of respondents, which included most securitisation issuers, requesting that existing legal action against delinquent debtors be stayed. The major Banks opposed the application and it was struck from the roll.

The sub-committee members debated the merits of NewERA's attach on securitisation and the general view is that, although it has no merit, it has the potential to damage the reputation of securitisation considering the publicity it attracts. It was resolved that the forum would refer enquiries to information on the Forum's website. A memorandum, explaining Securitisation legal aspects and *locus standi* principles, was prepared by Richard Roothman and loaded on the Forum's website.

3.4 Revisions to Basel Securitisation Framework

The Basel Committee published proposed new capital requirements for securitisation that may have far reaching consequences for banks involved in securitisation. A working group has been established under BASA to formulate comments on the proposed new framework. Comments were submitted to the Basel committee in March 2013. The sub-committee members debated whether the Forum should consider commenting as well and it was resolved that it is sufficient for BASA to comment.

4. Outlook and Conclusion

In conclusion, 2013/14 will continue to be a challenging year on the legal and regulatory front, due to the impacts that Basel III-5 and Board Notice 80.

I thank you all in anticipation for your contribution thereto.

Hendrik Ackermann
Chairperson
May 2013

COMMUNICATION AND EDUCATION





REPORT OF THE COMMUNICATION AND EDUCATION SUB-COMMITTEE OF THE SOUTH AFRICAN SECURITISATION FORUM FOR THE 2012/2013 YEAR

Members: Michelle Rosen
John Doidge

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 2012, the Introduction to Securitisation course was held and there were 24 delegates who attended. Various members of the Forum present sections of the course. The next course is planned for the 25th and 26th of September 2013. There are still ongoing discussions regarding holding a 1 day securitisation course specifically for investors, however it is uncertain whether this will go ahead.

The Annual South African Capital Markets Conference, which SASF endorses, will be held on the 31st of October and the 1st of November 2013. In return, our members qualify for a discount.

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, however a small number of deals are still missing from our website. On average we have had 435 visits to the site and 1,722 pages loaded per month over the last year.

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

Michelle Rosen – May 2013

SECURITISATION

25 and 26 September 2013



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.

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 (spv'S)

COURSE PRESENTERS

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

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



TIMETABLE OF EVENTS

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:

R4000,00

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



TAX AND ACCOUNTING



Annual Report of the Tax & Accounting sub-committee of the South African Securitisation Forum for the 2012/2013 year

The Tax & Accounting sub-committee has once again had a fairly quiet year.

There have been no further developments for this committee, considering that there were no significant changes in tax and accounting arenas in the past quarter.

Morné du Plessis
Acting Chairman

3 May 2013

MEMBERSHIP



ANNUAL REPORT OF THE MEMBERSHIP SUB-COMMITTEE FOR 2013

SASF Membership stands at 23 compared to 22 as at 29 February 2012

New members include Transaction Capital, Sasfin and IFXBG SA
Members lost: Price Waterhouse Coopers and Cliffe Dekker Hofmeyr.

The annual membership fees are R15,000 per member per annum

SA Securitisation Forum Members	
1	ABSA Capital
2	BMW Financial Services (SA)(Pty)Ltd
3	Deloitte & Touche
4	ENS
5	Fintech
6	GMG Trust Company (SA) Proprietary Limited
7	IFXBG SA
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	Quince Capital
16	Rand Merchant Bank
17	SA Home Loans (Pty) Limited
18	Sasfin Bank Limited
19	Standard Bank of South Africa Limited
20	STANLIB
21	Transaction Capital Limited
22	Webber Wentzel ALN
23	Werksmans Inc

Armine Schaefer
May 2013

SECURITISATION ISSUANCE GUIDELINES



South African Securitisation Best Practice Issuance Guidelines

1. Objective:

To document high level best practise 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 of South Africa (ASISA) as at [insert] 2013 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 well in advance of 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, Administrator 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, Administrators and Arrangers should share that feedback. [Drafting note - To be discussed: Arrangers contend that they are acting on behalf of Originators and/or Issuers and can judge whether this is required or not. This may not be in the best interests of the Originator and/or Issuer. Investors should make their decision on whether to invest or not based on their own analysis, for example if an Investor not happy with the covenants then it's their choice not to participate.]

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; and
- Definitions of covenants.

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.

3.7 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 30 days of date of change.

3.8 The issuance documentation should provide for minority protection in the event of significant buy back activity on notes issued.

The Issuer and any related entities should be prohibited from exercising any voting rights in respect of the Issuer's debt instruments. 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).

[Drafting note - To be discussed: We need to consider whether this is required or whether this is already covered in terms of the Securities Services Act and make reference thereto. Discuss offshore market abuse directives.]

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.

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);
- Tenure 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;
- Confirmation of level of Liquidity facility and/or liquidity reserve;
- Pool performance (to be discussed); 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.

[Drafting note - To be discussed: It is noted that the local market aspire to investor reporting in line with European standards as set out in the example European reporting template attached hereto as Annexure A. All market participants, however, agree that securitisation unfortunately at the moment is not such an attractive funding option for the banks so as for them to allocate monies to upgrading their systems to generate such higher quality investors' reports. The European reporting standards 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 acknowledged that the major principals that the Europeans are applying could potentially work in South Africa. 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 recommended 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 to provide Issuers, Originators, Administrators and/or Arrangers+ with information in regard to their holdings of debt instruments issued by such Issuers upon request.

Formatting will be finalised when the
systems will be setup

STANDARDISATION RMBS

Template Investor Report FOR DISCUSSION PURPOSES ONLY

[ISSUER] B.V.

Quarterly Information Report

Report period: [●] - [●]

AMOUNTS ARE IN EURO

Date [●]

Final Version - 26 June 2012

Point Contact
Contact Information
Web Link

Interest Waterfall - EXAMPLE

		Previous Period	Current Period
I	Interest received	[●]	[●]
II	Interest received on transaction accounts	[●]	[●]
III	Penalties received	[●]	[●]
IV	Net (non principal) receipts on Mortgage Receivables	[●]	[●]
V	Amounts to be drawn from Liquidity Facility	[●]	[●]
VI	Amounts to be drawn from Reserve Account	[●]	[●]
VII	Amounts to be received under Swap Agreements	[●]	[●]
VIII	Non principal amounts in relation to repurchases by the Seller	[●]	[●]
IX	Amounts received as post foreclosure proceeds	[●]	[●]
X	Amounts standing to the credit of the Reserve Account	[●]	[●]
Notes Interest Available Amount		[●]	[●]
(a)	Fees to Directors and Trustees	[●]	[●]
(b)	Fees due to Issuer Administrator and Servicer	[●]	[●]
(c)	Amounts due to third parties	[●]	[●]
(d)	Amounts due to the Liquidity Facility Provider (other than commitment fees)	[●]	[●]
(e)	Amounts due to Swap Counterparty	[●]	[●]
(f)	Interest due and payable Senior Class A1, A2 and A3 Notes	[●]	[●]
(g)	Making good of shortfall in Class A1, A2 and A3 PDL	[●]	[●]
(h)	Interest due and payable Mezzanine Class B Notes	[●]	[●]
(i)	Making good of shortfall in Class B PDL	[●]	[●]
(j)	Interest due and payable Mezzanine Class C Notes	[●]	[●]
(k)	Making good of shortfall in Class C PDL	[●]	[●]
(l)	Interest due and payable Junior Class D Notes	[●]	[●]
(m)	Making good of shortfall in Class D PDL	[●]	[●]
(n)	Interest due and payable Subordinated Class E Notes	[●]	[●]
(o)	Sums required to deposit / replenish to Reserve Account to Target Level	[●]	[●]
(p)	Principal amounts due to Subordinated Class E Notes	[●]	[●]
(q)	Amount due as Swap Counterparty Default Payment	[●]	[●]
(r)	Subordinated Liquidity Facility amounts	[●]	[●]
(s)	Deferred Purchase Price	[●]	[●]
Total Revenue Available Amounts		[●]	[●]

Principal Waterfall - EXAMPLE

	Previous Period	Current Period
(i) a Repayment in full minus arrear	[●]	[●]
(i) b Prepayment in full minus losses	[●]	[●]
(ii) Net proceeds from Mortgage Receivables (non principal)	[●]	[●]
(iii) Repurchases by the Seller, pursuant to Trust Deed	[●]	[●]
(iv) Amounts to be credited to the PDL	[●]	[●]
(v) Participation Increase pursuant to the Sub Participation Agreement	[●]	[●]
(vi) Partial Prepayments (included under (i))	[●]	[●]
(vii) Amounts to be drawn from Transaction Account (on FORD)	[●]	[●]
(viii) Amounts received in connection with the Construction Deposit Guarantee	[●]	[●]
(ix) Any amount, not applied towards satisfaction of PPoP items in previous periods	[●]	[●]
Total Notes Principal Available Amount	[●]	[●]
(a) Purchase Price of Further Advance Receivables / Replacement Receivables	[●]	[●]
(b1) Senior Class A1 principal amounts due	[●]	[●]
(b2) Senior Class A2 principal amounts due	[●]	[●]
(b3) Senior Class A3 principal amounts due	[●]	[●]
(c) Mezzanine Class B Notes amounts due	[●]	[●]
(d) Mezzanine Class C Notes amounts due	[●]	[●]
(e) Junior Class D Notes amounts due	[●]	[●]
(f) Deferred Purchase Price	[●]	[●]
(g) Amounts to be applied next period	[●]	[●]
Total Principal Payments	[●]	[●]

Additional Information

Transaction Account

Transaction Account balance at the beginning of the period		[●]
Received on Transaction Account		[●]
Paid from Transaction Account	-/-	[●]
Transaction Account balance at the end of the period		[●]

Reserve Account

Target Reserve Account Balance at the end of the period		[●]
Received Interest		[●]
Reserve Account balance at the beginning of the period		[●]
Deposited on Reserve Account		[●]
Drawing from Reserve Account	-/-	[●]
Reserve Account Balance at the end of the period		[●]

Liquidity Facility

Amount deposited in the Liquidity Facility Stand-by Drawing Account (yes/no)		[●]
Liquidity Facility Maximum Available Amount current period		[●]
Interest due on Liquidity Facility drawn amount		[●]
Interest paid on Liquidity Facility drawn amount		[●]
Liquidity Facility Drawn Balance at the beginning of the period		[●]
Liquidity Facility Repayment current period		[●]
Liquidity Facility Drawing current period	-/-	[●]
Liquidity Facility Available Amount at the end of the period		[●]

Excess Spread Margin

Excess Spread Percentage (%)		[●]
Calculated Excess Spread Margin (gross)		[●]
Interest on Reserve Account		[●]
Losses in period	-/-	[●]
Recoveries or post-foreclosure proceeds in period		[●]
Change in arrears balance (interest component)		[●]
Corrections to DPP		[●]
Addition to Reserve Account	-/-	[●]
Redemption of Class [●] Notes	-/-	[●]
Available for Deferred Purchase Price / Equity (net)		[●]

Swap

Swap definition		[●]
Swap notional		[●]
Swap applicable rates		[●]
Swap collateral postings		[●]
Swap calculations paying leg		[●]
Swap calculations receiving leg		[●]
Swap payments receiving leg		[●]
Swap payments paying leg	-/-	[●]
Net swap payments		[●]

Set off

Total Balance of Deposits Related to Borrowers in the Mortgage Pool		[●]
Weighted Average Balance of Deposits Related to Borrowers in the Mortgage Pool		[●]

Delinquencies

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Performing									
<	30 days								
30 days	60 days								
60 days	90 days								
90 days	120 days								
120 days	150 days								
150 days	180 days								
180 days	>								
Repossessions									
Total									

Weighted Average		x
Minimum		x
Maximum		x

Foreclosure Statistics - Total

Previous Period

Current Period

Foreclosures periodically

Number of Loans Foreclosed during the Period		[●]	[●]
Net Principal Balance of Loans Foreclosed during the Period		[●]	[●]
Recoveries from Sales during Period on Foreclosed Loans	-/-	[●]	[●]
Total amount of Losses on loans during period		[●]	[●]
Post-Foreclosure recoveries on Foreclosed Loans during Period	-/-	[●]	[●]
Losses minus Recoveries (Net Losses) during period		[●]	[●]
Average Loss Severity during period		[●]	[●]

Foreclosures since Closing

Number of Loans Foreclosed since Closing		[●]	[●]
Percentage of Number of Loans at Closing (% , including replenished loans)		[●]	[●]
Net Principal Balance of Loans Foreclosed since Closing		[●]	[●]
Percentage of Net Principal Balance at Closing (% , including replenished loans)		[●]	[●]
Net Principal Balance of Loans Foreclosed since Closing		[●]	[●]
Recoveries from Sales on Foreclosed Loans since Closing	-/-	[●]	[●]
Total amount of Losses on loans since Closing		[●]	[●]
Post-Foreclosure recoveries on Foreclosed Loans since Closing	-/-	[●]	[●]
Losses minus Recoveries (Net Losses) since Closing		[●]	[●]
Average Loss Severity since Closing		[●]	[●]

Repossession

Number of Repossessions at the beginning of the period		[●]	[●]
Number of Repossessions in the current period		[●]	[●]
Number of Completed Repossessions in the current period	-/-	[●]	[●]
Number of Repossessions at the end of the period		[●]	[●]
Net Principal Balance of Repossessions at the beginning of the period		[●]	[●]
Net Principal Balance of Repossessions in the current period		[●]	[●]
Net Principal Balance of Completed Repossessions in the current period	-/-	[●]	[●]
Net Principal Balance of Repossessions at the end of the period		[●]	[●]
Cumulative Number of Repossessions to date		[●]	[●]
Cumulative Number of Completed Repossessions to date		[●]	[●]
Cumulative Principal balance of Repossessions to date		[●]	[●]
Cumulative Principal balance of Completed Repossessions to date		[●]	[●]

Constant Default Rate

Constant Default Rate current month		[●]	[●]
Constant Default Rate 3-month average		[●]	[●]
Constant Default Rate 6-month average		[●]	[●]
Constant Default Rate 12-month average		[●]	[●]
Constant Default Rate to date		[●]	[●]

* Dynamic info still under development

Foreclosure Statistics - NHG

Previous Period Current Period

Foreclosures since Closing

Number of Loans Foreclosed since Closing		[•]	[•]
Percentage of Number of Loans at Closing (% , including replenished loans)		[•]	[•]
Net Principal Balance of Loans Foreclosed since Closing		[•]	[•]
Percentage of Net Principal Balance at Closing (% , including replenished loans)		[•]	[•]
Net Principal Balance of Loans Foreclosed since Closing		[•]	[•]
Recoveries from Sales on Foreclosed Loans since Closing	-/-	[•]	[•]
Total amount of Losses on loans since Closing		[•]	[•]
Post-Foreclosure recoveries on Foreclosed Loans since Closing	-/-	[•]	[•]
Losses minus Recoveries (Net Losses) since Closing		[•]	[•]
Average Loss Severity (Cumulative Net Loss divided by Cumulative Net Principal Balance of Foreclosures)		[•]	[•]

Repossession

Number of Repossessions at the beginning of the period		[•]	[•]
Number of Repossessions in the current period		[•]	[•]
Number of Completed Repossessions in the current period	-/-	[•]	[•]
Number of Repossessions at the end of the period		[•]	[•]
Net Principal Balance of Repossessions at the beginning of the period		[•]	[•]
Net Principal Balance of Repossessions in the current period		[•]	[•]
Net Principal Balance of Completed Repossession in the current period	-/-	[•]	[•]
Net Principal Balance of Repossessions at the end of the period		[•]	[•]
Cumulative Number of Repossessions to date		[•]	[•]
Cumulative Number of Completed Repossessions to date		[•]	[•]
Cumulative Principal balance of Repossessions to date		[•]	[•]
Cumulative Principal balance of Completed Repossessions to date		[•]	[•]

WEW Claim periodically

Number of Claims to WEW at the beginning of the period		[•]	[•]
New Claims to WEW during the period		[•]	[•]
Settled Claims with WEW during the period	-/-	[•]	[•]
Number of Claims to WEW at the end of the period		[•]	[•]
Claim Balance to WEW at the beginning of the period		[•]	[•]
Amount of New Claims to WEW during the period		[•]	[•]
Amount of Settled Claims with WEW during the period	-/-	[•]	[•]
Claim Balance to WEW at the end of the period		[•]	[•]
Amount of Settled Claims with WEW during the period		[•]	[•]
Paid out Amount of Claims by WEW during the period		[•]	[•]
Payout Ratio WEW during the period		[•]	[•]

WEW Claim since Closing

Number of Settled Claims to WEW since Closing		[•]	[•]
Amount of Settled Claims with WEW since Closing		[•]	[•]
Paid out Amount of Claims by WEW since Closing		[•]	[•]
Payout Ratio WEW since Closing		[•]	[•]

Reasons for non payout as percentage of non recovered claim amount

Amount of Settled Claims with WEW since Closing		[•]	[•]
Paid out Amount of Claims by WEW since Closing		[•]	[•]
Non Recovered Claim Amount of WEW since Closing		[•]	[•]
Insufficient guaranteed amount due to decrease with annuity amount		[•]	[•]
Loan does not comply with NHG criteria at origination		[•]	[•]
Other administrative reasons		[•]	[•]
Other		[•]	[•]

* Dynamic info still under development

Performance Ratios

Previous Period

Current Period

Constant Prepayment Rate (CPR)

Annualized Life CPR	[●]	[●]
Annualized 1-month average CPR	[●]	[●]
Annualized 3-month average CPR	[●]	[●]
Annualized 6-month average CPR	[●]	[●]
Annualized 12-month average CPR	[●]	[●]

Principal Payment Rate (PPR)

Annualized Life PPR	[●]	[●]
Annualized 1-month average PPR	[●]	[●]
Annualized 3-month average PPR	[●]	[●]
Annualized 6-month average PPR	[●]	[●]
Annualized 12-month average PPR	[●]	[●]

Payment Ratio

Periodic Payment Ratio	[●]	[●]
------------------------	-----	-----

* Dynamic info still under development

Triggers and Portfolio Limits - EXAMPLE

			Consequence if breached
Notification Events	None	None	
Other information in relation to closing	Realised as per	Realised as per	
	Closing date	[date]	
Weighted Average Loan to Foreclosure Value	[●]		
NHG Ratio of Mortgage Loans in Pool	[●]	[●]	
Minimum solvency ratios	Realised as per	Realised as per	
	Closing date	[date]	
Solvabiliteit (IGD)		[●]	
Solvabiliteit (IFRS)	[●]	[●]	
BIS ratio	[●]	[●]	
Substitution Triggers	Criteria	Realised as per	
		[date]	
Maximum Realised Losses	[●]	[●]	No more substitution
Arrears > 90 days (maximum)	[●]	[●]	No more substitution
Maximum percentage of interest only mortgages loans (ex saving values)	[●]	[●]	No more substitution
Maximum percentage of lifet only mortgages loans (ex saving values)	[●]	[●]	No more substitution
Maximum percentage with a savings alternative (ex saving values)	[●]	[●]	No more substitution
Triggers	Realised as per	Realised as per	
	Closing date	[date]	
Reserve Fund: Required Balance Calculation (% of Principal Amount Outstanding of the notes at closing except Class E) Target level is EUR [●]	[●]	[●]	
Liquidity Facility: Maximum Amount (% of Principal Outstanding Amount of Notes at Calculation Date. Minimum EUR is [●])	[●]	[●]	
Type of Mortgage Loans in Pool	Realised as per	Realised as per	
(Calculations based on net amounts)	Closing date	[date]	
Ratio of Annuity Mortgage Loans in Pool	[●]	[●]	
Ratio of Linear Mortgage Loans in Pool	[●]	[●]	
Ratio of Interest Only Mortgage Loans in Pool	[●]	[●]	
Ratio of Savings/Life Mortgage Loans in Pool	[●]	[●]	
Ratio of Life Mortgage Loans in Pool	[●]	[●]	
Ratio of Investment Mortgage Loans in Pool	[●]	[●]	
Ratio of Other Mortgage Loans in Pool	[●]	[●]	
	[●]	[●]	
Key Characteristics of the Mortgage Pool (summary)	as per	as per end of	
	last QPD	[date]	
Number of Loanparts	[●]	[●]	
Number of Loans	[●]	[●]	
Min Coupon	[●]	[●]	
Max Coupon	[●]	[●]	
Weighted Average Coupon	[●]	[●]	
Average Balance by Borrower (EUR)	[●]	[●]	
Maximum Loan Value (EUR)	[●]	[●]	
Maximum LTV	[●]	[●]	
Minimum LTV	[●]	[●]	
Weighted average LTV	[●]	[●]	

To be completed with all relevant trigger events and other tests, including consequences if breached

Counterparty Ratings & Triggers

Counterparty Ratings											
Type:	Party	Fitch ST Rating Trigger	Fitch LT Rating Trigger	Current Fitch Rating	Moody's ST Rating Trigger	Moody's LT Rating Trigger	Current Moody's Rating	S&P ST Rating Trigger	S&P LT Rating Trigger	Current S&P Rating	Consequence if breached
Swap Counterparty	[●]	F1	A	F1+/A+	P1	A2	P1/ Aa3	AA	A-2	A-1/AA	Post collateral
Liquidity Facility Provider	[●]	F1	A	F1+/A+	P1		P1/ Aa3	AA		A-2/AA	
GIC Provider	[●]	F1	A	F1+/A+	P1		P1/ Aa3	AA+		A-2/AA+	
Account Bank	[●]			F1+/A+			P1/ Aa3			A-1/AA	
Servicer	[●]			NR			NR			NR	
Back-Up Servicer	[●]			F1+/A+			P1/ Aa3			A-1/AA	
Special Servicer	[●]			NR			NR			A-2/AA	
Collection Account Bank	[●]			F1+/A+			P1/ Aa3			A-2/AA	

Stratification Tables

1. Key characteristics

	As per reporting date	As per closing date
Principal balance	[●]	[●]
Value of saving deposits	[●]	[●]
Net principal balance	[●]	[●]
Construction deposits	[●]	[●]
Net Principal balance excl. construction and saving deposits	[●]	[●]
Number of loans		
Number of loanparts	[●]	[●]
Average principal balance (borrower)	[●]	[●]
Weighted average current interest rate	[●]	[●]
Weighted average maturity (in years)	[●]	[●]
Weighted average seasoning (in years)	[●]	[●]
Weighted average LTMV	[●]	[●]
Weighted average LTMV (indexed)	[●]	[●]
Weighted average LTFV	[●]	[●]
Weighted average LTFV (indexed)	[●]	[●]

2. Redemption Type

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Annuity								
Bank Savings								
Interest Only								
Investments								
Life Insurance								
Linear								
Savings								
Other *								
Total								

3. Outstanding Loan Amount

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	25.000								
25.000	50.000								
50.000	75.000								
75.000	100.000								
100.000	150.000								
150.000	200.000								
200.000	250.000								
250.000	300.000								
300.000	350.000								
350.000	400.000								
400.000	450.000								
450.000	500.000								
500.000	>								
Unknown									
Total									

Average	x
Minimum	x
Maximum	x

4. Origination Year

From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	1995								
1995	1996								
1996	1997								
1997	1998								
1998	1999								
1999	2000								
2000	2001								
2001	2002								
2002	2003								
2003	2004								
2004	2005								
2005	2006								
2006	2007								
2007	2008								
2008	2009								
2009	2010								
2010	2011								
2011	>								
Unknown									
Total									

Weighted Average	x
Minimum	x
Maximum	x

5. Seasoning

From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	1 year								
1 year	2 years								
2 years	3 years								
3 years	4 years								
4 years	5 years								
5 years	6 years								
6 years	7 years								
7 years	8 years								
8 years	9 years								
9 years	10 years								
10 years	11 years								
11 years	12 years								
12 years	13 years								
13 years	14 years								
14 years	15 years								
15 years	16 years								
16 years	17 years								
17 years	18 years								
18 years	19 years								
19 years	20 years								
20 years	>								
Unknown									
Total									

Weighted Average		x
Mininimum		x
Maximum		x

6. Legal Maturity

From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
2011	2015								
2015	2020								
2020	2025								
2025	2030								
2030	2035								
2035	2040								
2040	2045								
2045	2050								
2050	2055								
2055	2060								
2060	2065								
2065	2070								
2070	2075								
2075	2080								
2080	2085								
2085	2090								
2090	2095								
2095	2100								
Unknown									
Total									

Weighted Average	x
Minimum	x
Maximum	x

7. Remaining Tenor

From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	1 year								
1 year	2 years								
2 years	3 years								
3 years	4 years								
4 years	5 years								
5 years	6 years								
6 years	7 years								
7 years	8 years								
8 years	9 years								
9 years	10 years								
10 years	11 years								
11 years	12 years								
12 years	13 years								
13 years	14 years								
14 years	15 years								
15 years	16 years								
16 years	17 years								
17 years	18 years								
18 years	19 years								
19 years	20 years								
20 years	>								
Unknown									
Total									

Weighted Average	x
Minimum	x
Maximum	x

8. Original Loan to Original Foreclosure Value

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NHG Garantie									
<	10%								
10%	20%								
20%	30%								
30%	40%								
40%	50%								
50%	60%								
60%	70%								
70%	80%								
80%	90%								
90%	100%								
100%	110%								
110%	120%								
120%	130%								
130%	140%								
140%	150%								
150%	>								
Total									

Weighted Average	x
Minimum	x
Maximum	x

9. Current Loan to Original Foreclosure Value

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NHG Garantie									
<	10%								
10%	20%								
20%	30%								
30%	40%								
40%	50%								
50%	60%								
60%	70%								
70%	80%								
80%	90%								
90%	100%								
100%	110%								
110%	120%								
120%	130%								
130%	140%								
140%	150%								
150%	>								
Total									

Weighted Average	x
Minimum	x
Maximum	x

10. Current Loan to Indexed Foreclosure Value

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NHG Garantie									
<	10%								
10%	20%								
20%	30%								
30%	40%								
40%	50%								
50%	60%								
60%	70%								
70%	80%								
80%	90%								
90%	100%								
100%	110%								
110%	120%								
120%	130%								
130%	140%								
140%	150%								
150%	>								
Total									

Weighted Average	x
Minimum	x
Maximum	x

11. Original Loan to Original Market Value

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NHG Garantie									
<	10%								
10%	20%								
20%	30%								
30%	40%								
40%	50%								
50%	60%								
60%	70%								
70%	80%								
80%	90%								
90%	100%								
100%	110%								
110%	120%								
120%	130%								
130%	140%								
140%	150%								
150%	>								
Total									

Weighted Average	x
Minimum	x
Maximum	x

12. Current Loan to Original Market Value

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NHG Garantie									
<	10%								
10%	20%								
20%	30%								
30%	40%								
40%	50%								
50%	60%								
60%	70%								
70%	80%								
80%	90%								
90%	100%								
100%	110%								
110%	120%								
120%	130%								
130%	140%								
140%	150%								
150%	>								
Total									

Weighted Average	x
Minimum	x
Maximum	x

13. Current Loan to Indexed Market Value

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	% of Total Not. Amount at Closing
NHG Garantie								
<	10%							
10%	20%							
20%	30%							
30%	40%							
40%	50%							
50%	60%							
60%	70%							
70%	80%							
80%	90%							
90%	100%							
100%	110%							
110%	120%							
120%	130%							
130%	140%							
140%	150%							
150%	>							
Total								

Weighted Average	x
Minimum	x
Maximum	x

14. Loanpart Coupon (interest rate bucket)

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	0,5%								
0,5%	1,0%								
1,0%	1,5%								
1,5%	2,0%								
2,0%	2,5%								
2,5%	3,0%								
3,0%	3,5%								
3,5%	4,0%								
4,0%	4,5%								
4,5%	5,0%								
5,0%	5,5%								
5,5%	6,0%								
6,0%	6,5%								
6,5%	7,0%								
7,0%	>								
Unknown									
Total									

Weighted Average	x
Minimum	x
Maximum	x

15. Remaining Interest Rate Fixed Period

From (>=)	Until (<)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	1 year								
1 year	2 years								
2 years	3 years								
3 years	4 years								
4 years	5 years								
5 years	6 years								
6 years	7 years								
7 years	8 years								
8 years	9 years								
9 years	10 years								
10 years	11 years								
11 years	12 years								
12 years	13 years								
13 years	14 years								
14 years	15 years								
15 years	16 years								
16 years	17 years								
17 years	18 years								
18 years	19 years								
19 years	20 years								
20 years	21 years								
21 years	22 years								
22 years	23 years								
23 years	24 years								
24 years	25 years								
25 years	26 years								
26 years	27 years								
27 years	28 years								
28 years	29 years								
29 years	30 years								
30 years	>								
Unknown									
Total									

Weighted Average	x
Minimum	x
Maximum	x

[ISSUER] B.V.

Quarterly Information Report: [●] - [●]

16. Interest Payment Type

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Fixed								
Floating								
Unknown								
Total								

17. Property Description

Property	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
House								
Appartment								
House / Business (< 50%)								
House / Business (> 50%)								
Business								
Other								
Total								

18. Geographical Distribution (by province)

Province	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Drenthe								
Flevoland								
Friesland								
Gelderland								
Groningen								
Limburg								
Noord-Brabant								
Noord-Holland								
Overijssel								
Utrecht								
Zeeland								
Zuid-Holland								
Unspecified								
Total								

19. Geographical Distribution (by economic region)

Economic region	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NL111 - Oost-Groningen								
NL112 - Delfzijl en omgeving								
NL113 - Overig Groningen								
NL121 - Noord-Friesland								
NL122 - Zuidwest-Friesland								
NL123 - Zuidoost-Friesland								
NL131 - Noord-Drenthe								
NL132 - Zuidoost-Drenthe								
NL133 - Zuidwest-Drenthe								
NL211 - Noord-Overijssel								
NL212 - Zuidwest-Overijssel								
NL213 - Twente								
NL221 - Veluwe								
NL224 - Zuidwest-Gelderland								
NL225 - Achterhoek								
NL226 - Arnhem/Nijmegen								
NL230 - Flevoland								
NL310 - Utrecht								
NL321 - Kop van Noord-Holland								
NL322 - Alkmaar en omgeving								
NL323 - IJmond								
NL324 - Agglomeratie Haarlem								
NL325 - Zaanstreek								
NL326 - Groot-Amsterdam								
NL327 - Het Gooi en Vechtstreek								
NL331 - Agglomeratie Leiden en Bollenstreek								
NL332 - Agglomeratie 's-Gravenhage								
NL333 - Delft en Westland								
NL334 - Oost-Zuid-Holland								
NL335 - Groot-Rijnmond								
NL336 - Zuidoost-Zuid-Holland								
NL341 - Zeeuwsch-Vlaanderen								
NL342 - Overig Zeeland								
NL411 - West-Noord-Brabant								
NL412 - Midden-Noord-Brabant								
NL413 - Noordoost-Noord-Brabant								
NL414 - Zuidoost-Noord-Brabant								
NL421 - Noord-Limburg								
NL422 - Midden-Limburg								
NL423 - Zuid-Limburg								
NLZZZ - Extra-Regio								
Total								

20. Construction Deposits (as percentage of net principal amount)

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	5%								
5%	10,00%								
10%	15,00%								
15%	20,00%								
20%	25,00%								
25%	30,00%								
30%	35,00%								
35%	40,00%								
40%	45,00%								
45%	50,00%								
50%	55,00%								
55%	60,00%								
60,00%	>								
Total									

Average		x
Minimum		x
Maximum		x

21. Occupancy

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Owner Occupied								
Buy-to-let								
Unknown								
Total								

22. Employment Status Borrower

Province	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Employed								
Self Employed								
Other								
Unknown								
Total								

23. Loan to Income

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	0,5								
0,5	1,0								
1,0	1,5								
1,5	2,0								
2,0	2,5								
2,5	3,0								
3,0	3,5								
3,5	4,0								
4,0	4,5								
4,5	5,0								
5,0	5,5								
5,5	6,0								
6,0	6,5								
6,5	7,0								
7,0	>								
Unknown									
Total									

Weighted Average		x
Minimum		x
Maximum		x

24. Debt Service to Income

From (>)	Until (<=)	Aggregate Outstanding Not. Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
<	5%								
5%	10%								
10%	15%								
15%	20%								
20%	25%								
25%	30%								
30%	35%								
35%	40%								
40%	45%								
45%	50%								
50%	55%								
55%	60%								
60%	65%								
65%	70%								
70,00%	>								
Unknown									
Total									

Weighted Average	x
Minimum	x
Maximum	x

25. Loanpart Payment Frequency

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Monthly								
Quarterly								
Semi-annually								
Annually								
Total								

[ISSUER] B.V.

Quarterly Information Report: [●] - [●]

26. Guarantee Type (NHG / Non NHG)

Description	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
NHG Guarantee								
No NHG Guarantee								
Total								

Quarterly Information Report: [●] - [●]

Originator	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Total								

Quarterly Information Report: [●] - [●]

Servicer	Aggregate Outstanding Not. Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
Total								

[ISSUER] B.V.

Quarterly Information Report: [●] - [●]

29. Capital Insurance Policy Provider

Insurance Policy Provider	Aggregate Outstanding % of Not. Amount Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV	% of Total Not. Amount at Closing
No policy attached							
[●]							
[●]							
[●]							
Other (< [●]%)							
Total							

Glossary

Term	Definition / Calculation
Constant Default Rate (CDR)	[●]
Constant Prepayment Rate (CPR)	[●]
Construction Deposits	[●]
Current Loan to Foreclosure Value	[●]
Current Loan to Indexed Foreclosure Value	[●]
Current Loan to Indexed Market Value	[●]
Current Loan to Market Value	[●]
Debt Service to Income	[●]
Delinquencies	[●]
Foreclosure	[●]
Loan to Income	[●]
Loss	[●]
Loss severity	[●]
Original Loan to Foreclosure Value	[●]
Original Loan to Market Value	[●]
Payment Ratio	[●]
Post-foreclosure recovery	[●]
Principal Deficiency Ledger (PDL)	[●]
Principal Payment Rate (PPR)	[●]
Remaining Tenor	[●]
Repossession	[●]
Sales recovery	[●]
Saving Deposits	[●]
Seasoning	[●]
Weighted Average Maturity	[●]
Weighter Average Life	[●]

Contact Information

Auditors

[•]
[•]
[•]
[•]

Company Administrator

[•]
[•]
[•]
[•]

Floating Rate GIC Provider

[•]
[•]
[•]
[•]

Legal Advisor

[•]
[•]
[•]
[•]

Listing Agent

[•]
[•]
[•]
[•]

Paying Agent

[•]
[•]
[•]
[•]

Common Depositary

[•]
[•]
[•]
[•]

Collection Account Bank

[•]
[•]
[•]
[•]

Issuer

[•]
[•]
[•]
[•]

Liquidity Facility Provider

[•]
[•]
[•]
[•]

Originator

[•]
[•]
[•]
[•]

Principal Paying Agent

[•]
[•]
[•]
[•]

Contact Information (2)

Reference Agent	Security Trustee
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]
Seller	Servicer
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]
Swap Counterparty	Swap Guarantor
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]

ELECTION OF OFFICE BEARERS



GENERAL



ANNEXURES



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	II	R15 000
Medium Banks and/or other Financial Intermediaries	II	R15 000
Medium Law Firms	II	R15 000
Medium Issuers/Originators	II	R15 000
Servicer Companies	II	R15 000
Smaller Rating Agencies (First year free)	II	R15 000
Medium Investors (First year free)	II	R15 000
Smaller Banks and/or other Financial Intermediaries	III	R10 000
Smaller Accounting Firms	III	R10 000
Smaller Investors (First year free)	III	R15 000
Mortgage Insurers	IV	R7 500
Smaller Issuers	IV	R7 500
Smaller Law Firms	IV	R7 500
Other Financial Entities	IV	R7 500
Suppliers	IV	R7 500