

Financial Sector Charter Council

10 January 2006

Chief Executive Officer
JSE Securities Exchange South Africa
Private Bag x991174
Sandton, 2146

Dear Sir

SUBMISSION OF REPORTS BY FINANCIAL INSTITUTIONS ON TRANSFORMATIONAL AND BBBEE PERFORMANCE IN 2005.

The Financial Sector Charter ('the Charter') requires all participating financial institutions submit to the Financial Sector Charter Council ('the Council') annual reports on specific activities undertaken in furtherance of the Charter's objectives. These objectives include transforming the financial sector, contributing to the establishment of a more equitable society, and providing accessible financial services.

Institutions belonging to the following industry associations are obliged inter alia to submit reports annually to the Council in terms of Section 15.2 of the Charter:

- Association of Collective Investments;
- Banking Association of South Africa;
- Investment Managers Association of South Africa;
- Bond Exchange of South Africa;
- JSE Securities Exchange South Africa;
- Life Offices Association of South Africa;
- South African Insurers Association;
- Foreign Bankers Association; and
- South African Reinsurance Offices' Association

The Council is in turn bound by Section 15.1.2 to receive and consider reports from participating financial institutions and to confirm or amend provisional transformation and broad-based black economic empowerment (BBBEE) performance ratings submitted as part of the reports and determined on the basis of the Charter scorecard. Both the financial sector industry associations and all tiers of government undertake, in terms of Section 4.11 of the Charter to recognise ratings accorded in terms of the Charter as the measure of individual institutions' BBBEE and transformational contribution.

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Each report covers activities undertaken in a single calendar. In terms of Section 15.2.3 of the Charter participating institutions are required to submit reports for the period 1 January 2005 to 31 December 2005 on 31 March 2006.

This letter serves to bring to your attention that you are required to submit an audited report on the activities specified in the Charter to the Council on or before 31 March 2006.

Reports must be submitted to the Council offices by 17h00 on 31 March 2006. Details of postal and other delivery addresses will be forwarded to you on 31 January 2006.

If you are of the view that you are exempt, under Sections 4.6.1-4.6.6 of the Charter, from all or some of the provisions of the Charter, and do not wish to voluntarily bind yourself to these provisions, please note that you are nevertheless required by Section 4.7 of the Charter to submit a report to the Council providing motivation and proof of your right to exemption.

A template of the format in which the Council requires you to submit your report will be forwarded to you on or before 31 January 2006. This will be accompanied by a comprehensive explanatory memorandum, which will include the scorecard against which institutions' 2005 performance will be measured and an explanation of the ratings methodology.

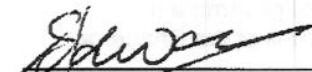
Thereafter, and as it proves necessary or in response to queries from institutions, the Council will issue occasional guidance notes to all participating institutions clarifying interpretations of the Charter, definitions, scoring methodologies and audit procedures and other matters.

The Council hopes to provide for electronic submission of reports and provisional ratings for the 2005 reporting period. We will keep you informed of progress in this regard and expect to have finalised the matter by 31 January 2006.

Please note that the Council is in the process of accrediting verification agencies to audit institutions' BBBEE and transformational performance and prepare reports on their behalf for submission to the Council. Accreditation criteria include demonstrable competence, prior accreditation or registration with the relevant statutory and government bodies and compliance with the Council's procurement policies. Accreditation is an ongoing process, but the Council intends to have completed the first round of accreditations by 31 January 2006 and will inform you of the details of all agencies accredited should you wish to make use of their services.

Finally, should you have any queries regarding the process, please contact the Council at the above numbers. But please bear in mind that several hundred financial institutions are involved in the process. We therefore cannot consider telephonic or oral requests for exemption or matters of interpretation, methodology and so on; these must be submitted in writing. You may also wish to contact your industry association.

Yours sincerely



ENOCH GODONGWANA
PRINCIPAL OFFICER

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