

Guidance Notes for the
Trading, Clearing & Settlement
and custody of BEE Securities
listed under the BEE
Verification model
YeboYethu

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Definitions

In this document and its annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column.

All other terms used in this document but not defined herein shall have the meaning given to them in the JSE Listings Requirements and the JSE Equities Rules and Directives.

BEE Verification	the verification of a BEE Compliant Person in respect of the applicable Issuer, which verification must conclude, inter alia, that: <ul style="list-style-type: none"> (a) the beneficial owner, and the proposed Registered Owner (if applicable) of securities is a BEE Compliant Person pursuant to a BEE Ownership Scheme of the applicant Issuer; (b) the BEE Compliant Person has been advised on the necessary restrictions, limitations and requirements that are imposed by the applicant Issuer on the proposed beneficial owner, and on the proposed Registered Owner (if applicable) in order to achieve the continued ownership of BEE Securities by BEE Compliant Person, and (c) that the BEE Compliant Person has accepted the prevailing terms and conditions of the BEE Ownership Scheme;
Issuer Appointed Participant or Custody Entity	a Participant appointed by the Issuer to make custody services available to the holders of BEE Securities;
Designated Person	means a person designated or permitted in terms of the relevant BEE Ownership Scheme to exercise any right or take any action under specified circumstances (for example where a BEE Security is transferred to a person who is not a BEE Compliant Person);
Custody Holder	means an intermediary holder, being an intermediary with whom You hold an account for the purposes of, amongst other things, managing Your YeboYethu Ordinary Shares, and who is not You, the JSE Member, the Registered Shareholder, the CSDP, the Your Nominee or YeboYethu.
JSE Equities Rules and Directives	the rules and directives pertaining to the JSE's equity market, created in accordance with the FMA, as amended from time to time by the JSE;
JSE Listings Requirements	the listings requirements of the JSE pursuant to the provisions of the FMA, as amended from time to time
Member	an equities member, which is a category of authorized user admitted to membership of the JSE under the JSE Equity Rules and Directives;
Trading Entity	a licensed financial services provider appointed by the Issuer to provide trading access to the BEE Ownership Scheme;
Verification Confirmation	a written confirmation issued by the BEE Issuer Verification Agent in respect of a person confirming such person's BEE Verification status;

TRADING OF BEE SECURITIES

As detailed in previous guidance notes, in order to assist market participants in knowing which approach applies to which listed BEE Ownership Scheme, the JSE will on the listing of a BEE Ownership Scheme on the JSE, issue a market notice setting out this information, as well as:

- the identity of the BEE Issuer Verification Agent (whether the Issuer or appointed third party); and
- guidance in respect of the procedures to confirm and record that a proposed Registered Owner or, if the proposed Registered Owner will be acting as a Nominee on behalf of a beneficial owner, the proposed beneficial owner of BEE Securities qualifies as a BEE Compliant Person.

These guidance notes covers the listing of YeboYethu on the JSE.

KEY ELEMENTS OF BEE SECURITIES LISTED IN TERMS OF THE BEE VERIFICATION MODEL

The following high-level requirements apply -

- the securities that form part of a BEE Ownership Scheme will be listed as BEE Securities on the JSE's Main Board. For the purposes of the JSE Listing Requirements and the JSE Equities Rules and Directives, this will be referred to as a segment of the Main Board, being the BEE Segment;
- The Issuer will be regulated per the JSE Listing Requirements;
- Trading will be conducted by Members;
- In addition to a BEE Issuer Verification Agent, an Issuer may also elect to appoint a Trading Entity who will provide trading access for clients through provision of a call centre and/or a web-based interface (this Trading Entity may be the same as the BEE Issuer Verification Agent). Shareholders or prospective shareholders do not have to trade through this Issuer-appointed Trading Entity but it allows Issuers to ensure that smaller shareholders or prospective shareholders can access the market if they wish to trade. Depending on whether or not the Trading Entity is a Member, the Trading Entity will either trade directly or via a Member.
- Where Members will be trading BEE Securities for a shareholder they will be required to indicate on the BDA system:
 - That the Member has confirmed with the relevant BEE Issuer Verification Agent that the proposed beneficial owner is in fact a BEE Compliant Person in terms of the BEE Ownership Scheme (ie such beneficial owner has successfully completed a BEE Verification process).
- JSE regulation of trading in BEE Securities includes monitoring that the BEE Securities are traded at a fair price. The safeguards of a transparent and anonymous market prompt a safer, more liquid trading environment;
- The JSE will monitor secondary trading to ensure that only BEE Compliant Persons purchase BEE Securities;
- The JSE Settlement Authority will report trades to the BEE Issuer Verification Agent daily on T+1 of the settlement cycle with any updates following on T+2 to settlement;
- Pricing will be in real-time.

THE ROLE OF THE BEE ISSUER VERIFICATION AGENT

The BEE Issuer Verification Agent could be the Issuer itself or an entity that is appointed by the Issuer to conduct a BEE Verification process to verify that shareholders or prospective shareholders qualify as BEE Compliant Persons under the BEE Ownership Scheme, that they have accepted all relevant terms and conditions, including the BEE Terms and Conditions, and that all relevant market participants (Custody Holders, Nominees, Registered

Shareholders, Members, and CSDPs) agree to ensure that the Issuer or a Designated Person is able to exercise their rights in terms of the BEE Ownership Scheme.

In terms of the BEE Verification model, a Member may only trade BEE Securities on behalf of a client if the beneficial shareholder has been “verified” as a BEE Compliant Person in accordance with the relevant BEE Ownership Scheme. Beneficial owners will have to be separately verified for each BEE Ownership Scheme and Members and other relevant market participants may have additional or different BEE Ownership Scheme dependent requirements with which they have to comply depending on the specific Issuer's requirements.

Similarly, where a BEE Issuer Verification Agent determines that a beneficial shareholder no longer qualifies as a BEE Compliant Person in terms of the BEE Ownership Scheme and notifies the relevant Member of this, the Member must stop trading for this shareholder unless authorised to the contrary by the BEE Issuer Verification Agent, provided that, subject to the BEE Terms and Conditions, the BEE Issuer Verification Agent may allow the shareholder to sell their position out.

POINTS TO NOTE IN RELATION TO BEE OWNERSHIP SCHEMES AND THE BEE VERIFICATION MODEL

Verification process

Before an individual or legal person may purchase BEE Securities, they must first be verified as being a BEE Compliant Person in accordance with the requirements of the specific BEE Ownership Scheme. This will be achieved through a BEE Verification process. The details of the BEE Verification process may vary between the BEE Ownership Schemes and will be managed by the Issuer or the appointed BEE Issuer Verification Agent. Once the BEE Verification process is complete, the BEE Issuer Verification Agent will send a Verification Confirmation to the relevant Member and/or other relevant market participants (see Annexure A). The following points are likely to apply to a greater or lesser extent for all BEE Ownership Schemes.

Client's Mandate

The requirements may vary from one BEE Ownership Scheme to another but in general BEE Securities may not be encumbered (pledged or ceded) and the beneficial owner must remain entitled to vote or direct the manner of voting of the BEE Securities. This will therefore likely require Members and CSDPs to update their existing client mandates to cater for the above.

Custody Holders would likewise have to update their client mandates to reflect any restrictions in relation to voting rights or encumbrances.

The Issuer or the BEE Issuer Verification Agent or JSE may request a copy of the updated client mandate at any time to verify that such updating has in fact occurred.

BEE Ownership Scheme-specific contract to be signed

Proposed beneficial owners and Registered Owners, as well as the relevant intermediaries (Members who will be trading and holding BEE Securities on behalf of controlled clients, CSDPs who will be holding BEE Securities on behalf of non-controlled clients and Custody Holders who are holding BEE Securities on behalf of their clients) may be required to sign a BEE ownership Scheme-specific Contract which will bind the proposed beneficial and Registered Owner, the Member, CSDP and other relevant intermediaries to the terms and conditions of the specific BEE Ownership Scheme. This will therefore require the person wishing to acquire BEE Securities in terms of the BEE Ownership Scheme to indicate which service providers or intermediaries (Member, CSDP, Custody Holders) will be used for purposes of trading and holding the relevant BEE Securities.

The BEE Ownership Scheme-specific contract may contain the following important broad clauses:-

- That the holding and trading of BEE Securities is restricted to BEE Compliant Persons only as set out in the applicable BEE Ownership Scheme;
- That where BEE Securities, are purchased, the investor acknowledges and agrees that he will be bound by the BEE Terms and Conditions, the Memorandum of Incorporation of the Issuer and possibly other agreements regulating the relationship between, amongst others, the Issuer, any person designated under those agreements and the beneficial owner, copies of which will be made available upon request to the investor, and which will be made available via the Issuers website; and
- That in the event that the investor no longer complies with the requirements as laid down in the aforementioned BEE Terms and Conditions and, if applicable, the related BEE Ownership Scheme documents of the Issuer, there may be repercussions as laid down in such BEE Ownership Scheme documents of the Issuer. One such repercussion may be that the Issuer or a Designated Person may require the investor's securities to be sold. In such instances, the relevant market participants acknowledge that the Issuer or a Designated Person may instruct it to give effect to a transfer of the securities and that such instruction will be treated as an instruction from the investor itself. The investor will also be required to agree to this principle.

NOTE – If the Member, for custody purposes, settles through a CSDP's Nominee for the purposes of that Member's controlled clients, then such Member must also sign the BEE Contract as a Nominee and the CSDP must sign as Registered Shareholder.

BDA System

Once the Member receives a Verification Confirmation from the BEE Issuer Verification Agent in respect of the beneficial owner and the Member has done what they need to do in terms of complying with the BEE Verification requirements (such as updating the clients' mandate), the Member must update BDA accordingly and may begin trading in the BEE Securities for that client.

In the case of a beneficial owner which is not a natural person, the Verification Confirmation will reflect the expiry date of such Verification Confirmation status, which expiry date must similarly be reflected on the BDA system. In the event that a client's verification status has expired, the Member may not process any further trades in respect of that client unless the Issuer or a Designated Person permits this.

The only exception to the above is where the Issuer has appointed a Custody Entity or Issuer Appointed Participant for settlement purposes and a Trading Entity to make trading services available to its actual and prospective shareholders. In this event, the Trading Entity will trade through a Member and the Member will open a single account on the BDA system. This account will be flagged as being an account of a BEE Compliant Person as the Member is entitled to assume that all orders received from the Trading Entity, in its capacity as such, are from BEE Compliant Persons.

Shorting of BEE Securities

Depending on the structure of the BEE Ownership Scheme, short trades are not permitted and no securities lending and borrowing will be available. In terms of this, where a short trade is picked up by the JSE Settlement Authority, rule 10.105 (Rolling of Settlement) or 10.110 (Failed Trades) of the JSE Equities Rules and Directives will apply.

TRADING MODEL AND PROCESS

The BEE Verification model's trading processes remain much the same as the trading of normal securities on the JSE. To the extent that the process deviates, the high-level requirements are set out below (with the BEE Ownership Scheme specific details set out in an Annex).

BEE Verification and trading

As Members are the access point to the market for on-market trading, the JSE Equities Rules and Directives require the Member to obtain the necessary BEE Verification from the BEE Issuer Verification Agent that the intended beneficial owner is a BEE Compliant Person in terms of the relevant BEE Ownership Scheme even if such shareholder or prospective shareholder is not the direct client of the Member. The nature of the BEE Verification process will vary depending on the shareholding structures and the specific requirements of the BEE Ownership Scheme. In general, however, the process will be as follows:

- Client indicates to the Member that they wish to trade one of the BEE Securities listed on the JSE.
- The Member informs the client of the need to comply with the BEE Verification process and puts the client in touch with the BEE Issuer Verification Agent.
- The client and to the extent necessary, relevant market participants, comply with the BEE Verification requirements (such as the client agreeing to be bound by the BEE Terms and Conditions, demonstrating that they are a BEE Compliant Person in terms of the BEE Ownership Scheme, updating client mandates etc).
- The BEE Issuer Verification Agent emails the Member and/or CSDP (or other relevant market participants) the completed Verification Confirmation which the Member retains for its records.
- The Member loads and flags the client in the beneficial owners on the BDA system as being a BEE Compliant Person and is able to commence trading on their behalf.
- In the case of a beneficial owner which is not a natural person, the Verification Confirmation will specify the date upon which such Verification Confirmation status will expire, and this expiry date must be reflected in the BDA system. On such expiry date, the Verification Confirmation status will automatically lapse, and such beneficial owner will thereupon no longer be considered to be a BEE Compliant Person and not be entitled to purchase any further BEE Securities.
- The Issuer or the BEE Issuer Verification Agent may, in terms of the relevant BEE Ownership Scheme, at any time issue a notice of withdrawal or suspension of Verification Confirmation status to the Member, the beneficial owner and each other relevant market participant (see Annexure B), and such beneficial owner will thereupon no longer be considered to be a BEE Compliant Person and not be entitled to purchase any further BEE Securities.

Clearing and settlement

The current clearing and settlement methodology remains the same except for the following which will be provided for by the JSE:

- The JSE Settlement Authority will do post-trade monitoring to determine whether trades have been executed between entities who have not been verified as being BEE Compliant Persons for purposes of the relevant BEE Ownership Scheme;
- If the JSE Settlement Authority determines that a Member has traded for a client where the BEE flag was not activated, the JSE Settlement Authority will contact the Member to determine whether this was simply an oversight and the necessary BEE Verification has in fact occurred. Where the JSE Settlement Authority determines that the Member has traded for a client that has not undergone the necessary BEE Verification process, the JSE Settlement Authority will instruct the Member to reverse the trade and to trade the position out immediately for their own account;
- If the JSE Settlement Authority determines that a Member has traded for a client where the BEE Issuer Verification Agent has notified the Member that the client no longer qualifies as a BEE Compliant Person and the BEE Issuer Verification Agent has not authorised the Member to sell out the clients position, the JSE Settlement Authority will instruct the Member to reverse the trade and to trade the position out immediately for their own account;
- The JSE Settlement Authority will do extracts on T+1 on all trades in BEE Securities and send same to the BEE Issuer Verification Agent for the BEE Issuer Verification Agent to determine if any trades have happened for clients that have not successfully completed the BEE Verification process;

- Where the BEE Issuer Verification Agent determines that a trade has been done for a client that has not successfully completed the BEE Verification process they will notify the JSE Settlement Authority who in turn will make contact with the applicable Member and request that they remedy the situation or instruct the Member to reverse the trade and to trade the position out immediately for their own account;
- The JSE Settlement Authority will on a daily basis, or on such other frequency as agreed with the Issuer, send the Issuer a file containing all settled positions and the process will be followed by the Issuer;
- Where the Issuer determines that a trade has been done for a person who is not a BEE Compliant Person they will notify the JSE Director: Surveillance who will instruct the applicable Member to reverse the transaction and trade the position out.

Refer to Annexure C below for a diagrammatic presentation of the JSE BEE monitoring model.

DIFFERENT ACCOUNT STRUCTURES

Issuer Appointed Participant

The Issuer Appointed Participant may use a Nominee account structure which is opened by the Issuer for beneficial owners to hold their BEE Securities in this account structure. The result of this is that beneficial owners do not have to open up separate accounts with a Member or a CSDP to hold their BEE Securities.

The cost charged by the Issuer Appointed Participant is typically borne by the Issuer. The beneficial owner typically will only be charged for the selling or buying of BEE Securities through the Trading Entity, to the extent that one is appointed.

Where clients trade through the Trading Entity and settle through the Issuer Appointed Participant, the Trading Entity will send a list of trades to the Issuer Appointed Participant on a daily basis so that the Issuer Appointed Participant can reconcile each buy or sell instruction to the bulked settlement order and can confirm that the clients that have traded have the BEE Securities, in the case of a sale, or the cash in the case of a purchase. NOTE – where the Issuer Appointed Participant picks up that the Trading Entity has sold BEE Securities where the client does not have the BEE Securities to deliver against the same, the Trading Entity must notify the JSE Settlement Authority immediately and take action based on the instruction from the JSE Settlement Authority.

With regards to clients' cash which is either placed for a pending purchase or proceeds from a sale, the Issuer Appointed Participant will hold this cash in a separate account which is insolvency remote.

Own Name or Segregated Depository Account (SDA) Clients

Clients may choose to be Own Name or SDA Clients where they are not registered through a Nominee structure. Own Name and SDA Clients are both the beneficial and registered shareholder.

In the case of Own Name Clients, the Issuer typically is charged for the maintenance of the account whereas the shareholder is only charged a fee for the purchasing and/or selling of securities – no custody fee.

Custody Account with a Member, CSDP or intermediary

Shareholders wanting to move their BEE Securities from the Issuer Appointed Participant to their existing account or a new account with either a Member, a CSDP, or a Custody Holder may do so freely as long as there is no change of beneficial ownership i.e. the client remains the beneficial owner. If shareholders transfer their BEE Securities to a Member, a CSDP, or a Custody Holder, such receiving market participant must ensure that, to the extent required by the relevant BEE Ownership Scheme Contract has been signed by it and the beneficial owner,

and that such beneficial owner has successfully completed the BEE Verification process before the receiving market participant may take receipt of the BEE Securities. From a process perspective such agreement (to the extent required) will have to be signed by the receiving market participant and the client will notify the BEE Issuer Verification Agent of the proposed change and the BEE Issuer Verification Agent will send the Verification Confirmation to the newly appointed Member, CSDP, or Custody Holder before transfer of the BEE Securities may be made.

GUIDANCE NOTE FOR THE YEBOYETHU BEE OWNERSHIP SCHEME

Please note that this is for guidance purposes only. The appointed BEE Issuer Verification Agent remains responsible for managing the BEE Verification process and to the extent that the process described below deviates from that prescribed by the BEE Issuer Verification Agent, the BEE Issuer Verification Agent process will prevail.

Controlled Client

When a Member wishes to trade on behalf of a controlled client who will be the beneficial owner of the BEE Securities, the Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as a Member, Nominee and as Registered Shareholder – where the Members Nominee is held in a CSDPs Nominee the CSDP must sign as Registered Shareholder;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive confirmation from the BEE Issuer Verification Agent that the client has completed the BEE Verification process (and is accordingly a Verified Shareholder). This Verification Confirmation must be retained by the Member;
- update the BDA system to reflect that the client is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation.

The Member's appointed CSDP must sign the YeboYethu BEE Contract in its capacity as CSDP as the party authorized to effect transfer by electronic entry on the CSD.

Controlled Client – trading through an Custody Holder

In this case, the Member's client is the Custody Holder rather than the beneficial owner. In this instance the Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as Member, Nominee and as Registered Shareholder – where the Members Nominee is held in a CSDPs Nominee the CSDP must sign as Registered Shareholder;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder. The Verification Confirmation must confirm that the Custody Holder has signed the YeboYethu BEE Contract. **NOTE** – if the Verification Confirmation does not detail an Custody Holder's name and the client's accounts is held through an Custody Holder, the BEE Verification will be rejected by the Member and notified to the BEE Issuer Verification Agent;
- this Verification Confirmation must be retained by the Member;
- open a BDA account in the name of the beneficial owner and update to reflect that such owner is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation.

The Custody Holder must:

- sign the YeboYethu BEE Contract in their capacity as Custody Holder;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions; and
- receive Verification Confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder.

The Member's appointed CSDP must sign the YeboYethu BEE Contract in its capacity as CSDP as the party authorized to effect transfer by electronic entry on the CSD.

Controlled Client – trading through an Custody Holder who is also the Nominee

This is in the case where the Custody Holder is also the Nominee. The Member's client is not the underlying client – the Member's client is the Custody Holder and the Member has no relationship with the underlying client. The Custody Holder is validating the underlying client which is the beneficial owner. Therefore all obligations are on the Custody Holder as the Nominee. In this instance the Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as Member, Nominee and as Registered Shareholder – where the Members Nominee is held in a CSDPs Nominee the CSDP must sign as Registered Shareholder ;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder. The Verification Confirmation must confirm that the Custody Holder has signed the YeboYethu BEE Contract as Custody Holder and as Nominee. **NOTE** – if the Verification Confirmation does not detail an Custody Holder and Nominee name and the client's account is held through an Custody Holder, the BEE Verification will be rejected by the Member and notified to the BEE Issuer Verification Agent;
- this Verification Confirmation must be retained by the Member;
- open a BDA account in the name of the beneficial owner and update to reflect that such owner is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation.

The Custody Holder must:

- sign the YeboYethu BEE Contract in their capacity as Custody Holder and as Nominee;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions; and
- receive Verification Confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder.

The Member's appointed CSDP must sign the YeboYethu BEE Contract in their capacity as CSDP as the party authorized to effect transfer by electronic entry on the CSD.

Non-controlled Client

In this instance, the client is a non-controlled client of the Member. Before the Member can trade on behalf of the client, the Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as Member;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive Verification Confirmation from the BEE Issuer Verification Agent that the client is a Verified Shareholder. The Verification Confirmation must confirm that the CSDP has signed the YeboYethu BEE Contract. **NOTE** – if the Verification Confirmation does not detail a CSDPs name and the client is a non-controlled client the Verification Confirmation will be rejected by the Member and notified to the BEE Issuer Verification Agent;
- this Verification Confirmation must be retained by the Member;
- update the BDA System to reflect that the client is a Verified Shareholder; and

- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation

The CSDP must:

- sign the YeboYethu BEE Contract in their capacity as CSDP and as registered shareholder;
- update its client records in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive Verification confirmation from the BEE Issuer Verification Agent that the client is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update their system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation

Non-controlled Client – trading through an Custody Holder

In this instance the CSDP's client is not the underlying client (beneficial owner) – the CSDP's client is the Custody Holder and the CSDP has no relationship with the beneficial owner. The Custody Holder is validating the underlying client which is the beneficial owner.

The Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as Member;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder. The Verification Confirmation must confirm that the CSDP has signed the YeboYethu BEE Contract. **NOTE** – if the Verification Confirmation does not detail a CSDP's name and the client is a non-controlled client the Verification Confirmation will be rejected by the Member and notified to the BEE Issuer Verification Agent;
- this Verification Confirmation must be retained by the Member;
- open a BDA account in the name of the beneficial owner and update to reflect that such owner is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation.

The Custody Agent must:

- sign the YeboYethu BEE Contract in their capacity as Custody Agent;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements; and
- receive Verification Confirmation from the BEE Issuer Verification Agent that the beneficial shareholder is a Verified Shareholder.

The CSDP must:

- sign the YeboYethu BEE Contract in their capacity as CSDP and as registered shareholder;
- receive confirmation from the BEE Issuer Verification Agent that the client is a Verified Shareholder. The Verification Confirmation must confirm that the Custody Holder has signed the YeboYethu BEE Contract. **NOTE** – if the Verification Confirmation does not detail an Custody Holder's name and the client's accounts is held through an Custody Holder the Verification Confirmation will be rejected by the CSDP and notified to the BEE Issuer Verification Agent and the Member/s must be notified; and
- in the case of a beneficial owner which is not a natural person, update their system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation

Non-controlled Client – trading through an Custody Holder and Nominee

This is in the case where the Custody Holder is also the Nominee. The CSDP's client is not the underlying client – the CSDP's client is the Custody Holder and the CSDP has no relationship with the underlying client. The Custody

Holder is validating the underlying client which is the beneficial owner. Therefore all obligations are on the Custody Holder as the Nominee.

In this instance, the Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as Member;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- receive Verification Confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder. The confirmation must confirm that the CSDP has signed the YeboYethu BEE Contract. **NOTE** – if the Verification Confirmation does not detail a CSDP's name and the client is a non-controlled client the Verification Confirmation will be rejected by the Member and notified to the BEE Issuer Verification Agent;
- this Verification Confirmation must be retained by the Member;
- open a BDA account in the name of the beneficial owner and update to reflect that such owner is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation.

The Custody Holder must:

- sign the YeboYethu BEE Contract in their capacity as Custody Holder and as Nominee;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions; and
- receive Verification Confirmation from the BEE Issuer Verification Agent that the beneficial owner is a Verified Shareholder.

The CSDP must:

- sign the YeboYethu BEE Contract in their capacity as CSDP and Registered Owner;
- receive Verification Confirmation from the BEE Issuer Verification Agent that the client is a Verified Shareholder. The Verification Confirmation must confirm that the Custody Holder and Nominee has signed the YeboYethu BEE Contract. **NOTE** – if the Verification Confirmation does not detail a Custody Holders and Nominee name and the client's accounts is held through an Custody Holder the Verification Confirmation will be rejected by the CSDP and notified to the BEE Issuer Verification Agent and the Member/s must be notified; and
- in the case of a beneficial owner which is not a natural person, update their system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation

Own Name or SDA Client – Natural Person or Persons other than a natural person

In this instance, the Member must:

- sign any agreements required pursuant to the YeboYethu BEE Ownership Scheme documents, such as the YeboYethu BEE Contract in their capacity as Member;
- update the client mandate in accordance with the YeboYethu BEE Contract requirements or the BEE Terms and Conditions;
- have received the relevant Verification Confirmation for the client from the BEE Issuer Verification Agent. The Verification Confirmation must confirm that the client has signed the YeboYethu BEE Contract as beneficial owner and as registered shareholder. **NOTE** – if the Verification Confirmation does not detail the client as an Own Name Client, the Verification Confirmation will be rejected by the Member and notified to the BEE Issuer Verification Agent;
- this Verification Confirmation must be retained by the Member;
- open a BDA account in the name of the beneficial owner and update to reflect that such owner is a Verified Shareholder ; and

- in the case of a beneficial owner which is not a natural person, update the BDA system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation.

The CSDP must:

- sign the YeboYethu BEE Contract in their capacity as CSDP;
- receive Verification Confirmation from the BEE Issuer Verification Agent that the client is a Verified Shareholder; and
- in the case of a beneficial owner which is not a natural person, update their system to reflect the expiry date of such Verification Confirmation status as specified on the relevant Verification Confirmation

Annexure A – Verification Confirmation

The following will be sent from the BEE Issuer Verification Agent to the Member, CSDP, Custody Holder and Nominee (as applicable).

Unique Reference number issued by the BEE Issuer Verification Agent	
Investor Number	
Date of Issue	
Date of Expiry (if applicable)	
Company, Group or Natural Person	
Client's Surname	
Client's First Name/s	
Identification Number	
Company / Group Name	
Registration Number	
Contact numbers	
Email Address	
Residential Address	
Postal Address	
Controlled Client or Non-controlled Client	
Member's Name	
Contact Person at Member	
Member contact person email address	
Contact Number of the Member	
BDA Account Number for non-controlled or controlled client	
CSDP's Name	
CSDP's Contact Person	
CSDP contact person email address	
Contact Number of the CSDP	
CSDP Custody Account Number for non-controlled client	
Custody Holder's Name	
Custody Holder 's Contact Person	
Contact Number of the Custody Holder	
Custody Holder contact person email address	
Custody Holder Nominee Name	
Custody Holder Nominee Name Contact Person	
Custody Holder Nominee Name contact person email address	
Contact Number of the Custody Holder Nominee	

Name	
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Annexure B – Verification Confirmation Withdrawal Notice

The following will be sent from the BEE Issuer Verification Agent to the Member, CSDP, IH and IHRS (as applicable) upon the withdrawal or expiry of a Verification Confirmation

Unique Reference number issued by the BEE Issuer Verification Agent	
Investor Number	
Date with effect from which the Verification Confirmation is withdrawn or suspended	
Company, Group or Natural Person	
Client's Surname	
Client's First Name/s	
Identification Number	
Company / Group Name	
Registration Number	
Contact numbers	
Email Address	
Residential Address	
Postal Address	
Controlled Client or Non-controlled Client	
Member's Name	
Contact Person at Member	
Member contact person email address	
Contact Number of the Member	
BDA Account Number for non-controlled or controlled client	
CSDP's Name	
CSDP's Contact Person	
CSDP contact person email address	
Contact Number of the CSDP	
CSDP Custody Account Number for non-controlled client	
Custody Holder's Name	

Custody Holders Contact Person	
Contact Number of the Custody Holder	
Custody Holder contact person email address	
Custody Holder Nominee Name	
Custody Holder Nominee Name Contact Person	
Custody Holder Nominee Name contact person email address	
Contact Number of the Custody Holder Nominee Name	

Annexure C – JSE Equities Rules and Directives

Section1: Interpretation and definitions

1.40 In the rules –

“BEE Act”	means the Broad-Based Black Economic Empowerment Act, 2003(Act No. 53 of 2003);
“BEE certificate”	means a certificate issued by a verification agency accredited by the accreditation body contemplated in the BEE Codes, certifying that the person identified in the certificate is a BEE compliant person;
“BEE Codes”	means the Broad-Based Black Economic Empowerment Codes of Good Practice gazetted from time to time under the BEE Act;
“BEE compliant person”	<p>means as interpreted by the courts, from time to time –</p> <p>(a) as regards a natural person, one who falls within the ambit of the definition of “<i>black people</i>” in the <u>relevant BEE ownership scheme</u>;</p> <p>(b) as regards a juristic person having a shareholding or similar member’s interest, one who falls within the ambit of the definitions of BEE controlled company or BEE owned company, using the principles <u>for determining control or ownership as contemplated in the relevant BEE ownership scheme</u>;</p> <p>(c) as regards any other entity, any entity similar to a BEE controlled company or BEE owned company using the principles <u>for determining control or ownership as contemplated in the relevant BEE ownership scheme</u>, which would enable the issuer of securities owned or controlled by such entity to claim points or obtain similar BEE recognition attributable to the entity’s ownership of the securities pursuant to the BEE Codes or <u>applicable legislation imposing a BEE obligation</u>;</p>
“BEE contract”	<p>means the prescribed contract which the proposed Registered Owner of BEE securities and, if the Registered Owner will act as a Nominee on behalf of a beneficial owner, the proposed beneficial owner of those BEE securities must conclude, in terms of which, <i>inter alia</i> –</p> <p>(a) the Registered Owner or, if the Registered Owner will act as a Nominee on behalf of a beneficial owner, the beneficial owner warrants that he is a BEE compliant person;</p>

(b) the necessary restrictions, limitations and requirements are imposed by the issuer on the Registered Owner and the beneficial owner in order to achieve the continued ownership of BEE securities by BEE compliant persons;

(c) the parties to the contract are bound by generic terms applicable to all issuers and by additional specific terms relevant to a particular issuer’s BEE securities contained in the issuer’s constitution; and

(d) the beneficial owner indemnifies the Registered Owner against any claim made against the Registered Owner in the event that, in terms of the BEE contract, –

(i) the Registered Owner is obliged to dispose of the BEE securities; or

(ii) the issuer of the BEE securities exercises its right to repurchase or its right to nominate its Nominee to purchase the BEE securities from the Registered Owner thereof;

“BEE controlled company”

means a juristic person, having shareholding or similar members interest, in which black participants enjoy a right to exercisable voting rights of an amount specified in the rules of the BEE ownership scheme;

“BEE issuer verification agent”

means the agent appointed by an issuer of BEE securities in terms of the relevant BEE ownership scheme that is responsible for –

(a) ensuring that the prevailing BEE terms and conditions of the BEE ownership scheme have been accepted by the proposed Registered Owner or, if the Registered Owner will act as a Nominee on behalf of a beneficial owner, the proposed beneficial owner; and

(b) verifying that persons wishing to acquire BEE securities issued by that issuer qualify as BEE compliant persons as set out in the BEE ownership scheme and providing confirmation of that verification to the member through whom the BEE securities are being purchased;

“BEE owned company”

means a juristic person, having shareholding or similar members interest, that is BEE controlled, in which black participants enjoy a right to economic interest in an amount specified in the rules of the BEE ownership scheme;

“BEE ownership scheme”

means an issuer ownership scheme that –

(i) complies with the rules prescribed for broad-based ownership schemes as set out in Annexe 100 B of the BEE Codes and

<p>“BEE securities”</p>	<p><u>specifies the means of verification to be adopted in determining the eligibility of beneficial owners in respect of BEE securities;</u></p> <p><u>or</u></p> <p><u>(ii) is governed by its own BEE scheme documents in accordance with applicable legislation that imposes a BEE obligation, which is to the satisfaction of the JSE;</u></p>
<p>“BEE terms and conditions”</p>	<p>means the securities in respect of which the issuer requires that the Registered Owners or, if the Registered Owners are Nominees for beneficial owners, the beneficial owners, are BEE compliant persons for a period of time as prescribed by the issuer;</p> <p><u>means the prevailing terms and conditions of the BEE ownership scheme entered into, amongst others, between the issuer of BEE securities and the proposed Registered Owner of BEE securities and, if the Registered Owner will act as a Nominee on behalf of a beneficial owner, the proposed beneficial owner of those BEE securities, in terms of which, <i>inter alia</i> –</u></p> <p><u>(a) the Registered Owner or, if the Registered Owner will act as a Nominee on behalf of a beneficial owner, the beneficial owner warrants that he is a BEE compliant person; and</u></p> <p><u>(b) the necessary restrictions, limitations and requirements are imposed by the issuer on the Registered Owner and the beneficial owner in order to achieve the continued ownership of BEE securities by BEE compliant persons;</u></p>

Section 8: Conduct of business

8.65 Transactions in BEE securities

8.65.1 As trading in BEE securities is restricted to BEE compliant persons, no person may purchase BEE securities unless -

8.65.1.1 the person who will be the Registered Owner; or

8.65.1.2 if the proposed Registered Owner will be acting as a Nominee on behalf of a beneficial owner, the beneficial owner, qualifies as a BEE compliant person.

8.65.2 A member may not purchase BEE securities for its own account unless the member qualifies as a BEE compliant person and, subject to the manner of verification specified in the relevant BEE ownership scheme, has –

8.65.2.1 signed a BEE contract as provided for in these rules; or

8.65.2.2 obtained confirmation from the issuer of the BEE securities or the relevant BEE issuer verification agent that they have accepted the terms and conditions of the BEE ownership scheme and qualify as a BEE compliant person.

8.65.3 A member may not sell BEE securities to a client, or purchase BEE securities on behalf of a client unless, subject to the manner of verification specified in the relevant BEE ownership scheme, the member has –

8.65.3.1 in respect of a controlled client, -

8.65.3.1.1 [the member has] ensured that the BEE contract has been signed, *inter alia*, by the proposed beneficial owner of the BEE securities and has obtained a copy of a valid BEE certificate if the proposed beneficial owner is not a natural person; or

8.65.3.1.2 obtained confirmation from the issuer of the BEE securities or the relevant BEE issuer verification agent that the proposed beneficial owner has accepted the BEE terms and conditions of the BEE ownership scheme and qualifies as a BEE compliant person.

8.65.3.2 in respect of a non-controlled client, -

8.65.3.2.1 obtained a copy of –

8.65.3.2.1.1 the BEE contract signed, *inter alia*, by the proposed Registered Owner and, if the proposed Registered Owner will be acting as a Nominee on behalf of a proposed beneficial owner, the proposed beneficial owner of the BEE securities; and

8.65.3.2.1.2[8.65.3.2.2] a valid BEE certificate in respect of the proposed Registered Owner or proposed beneficial owner, if that person is not a natural person; or

8.65.3.2.2 obtained confirmation from the issuer of the BEE securities or the relevant BEE issuer verification agent that the Registered Owner or proposed beneficial owner, as applicable, has accepted the BEE terms and conditions of the BEE ownership scheme and qualifies as a BEE compliant person.

8.65.4 For the purposes of rule 8.65, -

8.65.4.1 if the particular rule requires a course of action to be taken in respect of either the Registered Owner or the beneficial owner of BEE securities, the course of action will be applicable to the beneficial owner if the Registered Owner is acting as a Nominee on behalf of the beneficial owner;

8.65.4.2 the proposed Registered Owner or beneficial owner of BEE securities may be a client or an account holder on whose behalf the client is acting as agent.

8.65.5 The procedures to ensure and record that a proposed Registered Owner or proposed beneficial owner of BEE securities qualifies as a BEE compliant person are set out in Directive BM.

8.65.6 In the event that the Settlement Authority identifies a purchase of BEE securities on an account for which the member has not recorded, as required in Directive BM 1, that the proposed Registered Owner or the proposed beneficial owner is a BEE compliant person, the Settlement Authority will instruct the member to transfer the transaction from that account to the member's misdeals account and the member will assume responsibility for settling the transaction on settlement day.

8.65.7 If it is determined that at the time of the purchase of the BEE securities –

8.65.7.1 a beneficial owner has not signed a BEE contract in terms of rule 8.65.3.1.1 or that a Registered Owner and, if applicable, a beneficial owner have not signed a BEE contract in terms of rule 8.65.3.2.1, or

8.65.7.2 the member has not obtained confirmation from the issuer of the BEE securities or the relevant BEE issuer verification agent that the Registered Owner or beneficial owner, as applicable, has accepted the BEE terms and conditions of the BEE ownership scheme and qualifies as a BEE compliant person in terms of rule 8.65.3.1.2 or rule 8.65.3.2.2,

the Director: Surveillance, in his sole discretion, may cancel the purchase transaction of the BEE securities and such cancellation will be binding on the member who executed the transaction and on the Registered Owner and the beneficial owner, as the case may be.

8.65.8 Where a purchase transaction is cancelled by the Director: Surveillance, -

8.65.8.1 the member who executed the transaction will be responsible for the recovery of the BEE securities from the Registered Owner or from the beneficial owner, as the case may be, and will be required to return the transaction consideration to such person;

8.65.8.2 the Registered Owner or the beneficial owner will be obliged to accept the return of the purchase consideration and will be obliged to dispose of the BEE securities to the member who executed the transaction; and

8.65.8.3 the member will be required to sell the recovered BEE securities to a BEE compliant person in the market for the member's own account as soon as possible.

8.65.9 If the member is unable to sell the recovered BEE securities to a BEE compliant person in the market, the member may offer to dispose of those securities to the issuer, **[or]** the issuer's Nominee or the person who is specified as entitled to purchase such securities in the BEE terms and conditions of the relevant BEE ownership scheme, or their Nominee, for the consideration provided for in that issuer's constitution or the BEE terms and conditions of the relevant BEE ownership scheme, as the case may be. The issuer or specified person may accept or reject the member's offer to dispose of the BEE securities. If the issuer or specified person reject[s] the member's offer to dispose of the BEE securities, the member will continue to be required to sell those securities to a BEE compliant person in the market for the member's own account as soon as possible.

8.65.10 If the member or the Registered Owner or the beneficial owner of BEE securities fails to comply with any of the provisions of rules 8.65.7, 8.65.8 or 8.65.9, the JSE may take any steps or action necessary to ensure that the member, the Registered Owner and the beneficial owner complies with these rules.

Approved amendments to the equities directives

BM Transactions in BEE securities

1. Prior to placing an order in the trading system to purchase BEE securities, a member must confirm, by recording in the BDA system, that –
 - 1.1 a BEE contract has been duly signed by the relevant parties thereto; or
 - 1.2 confirmation has been received from the issuer of the BEE securities or the relevant BEE issuer verification agent that the Registered Owner or beneficial owner, as applicable, has accepted the BEE terms and conditions of the BEE ownership scheme and qualifies as a BEE compliant person.
2. A member must ensure that the BEE certificate referred to in rules 8.65.3.1.1 and 8.65.3.2.1.2 is valid (unexpired) at the time of the acceptance of the controlled client or non-controlled client and prior to each purchase transaction in BEE securities, and must record the date of expiry of the BEE certificate in the BDA system.
3. The JSE will issue JSE Gazettes from time to time to provide members with –
 - 3.1 the prescribed BEE contracts;
 - 3.2 a list of verification agencies accredited by the accreditation body contemplated in the BEE Codes;
 - 3.3 pro-forma BEE certificates;

3.4 the identity of the BEE issuer verification agent appointed by an issuer of BEE securities, if such an agent has been appointed; and

3.5 guidance in respect of the procedures to confirm and record that a proposed Registered Owner or, if the proposed Registered Owner will be acting as a Nominee on behalf of a beneficial owner, the proposed beneficial owner of BEE securities qualifies as a BEE compliant person.