

Directive of Strate (Pty) Ltd

Special Gazette No. S1-2022
Strate Directive SA.7

Requirements for a Nominee to Operate in
the Strate Environment

The logo consists of a white rectangular border containing the word "strate" in a bold, lowercase, sans-serif font. The background of the entire page is split diagonally from the top-left to the bottom-right. The upper-left portion is a dark grey, and the lower-right portion is black. A teal-colored triangle is located in the bottom-right corner of the page, overlapping the black area.

strate

To provide for the approval of a nominee of a participant in terms of section 76(1)(b) of the Act; to provide for the recognition of nominees approved in terms of Section 76(3) of the Act; and to provide for an application form for approval or recognition of a nominee

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1. Interpretation and Definitions

1.1 This Strate Directive should be read in conjunction with Strate Directive SZ.1 - *Interpretation and Definitions*

1.2 APPLICATION OF DIRECTIVE

1.2.1 In terms of section 76(1)(b) of the Financial Markets Act:

“A nominee of a Participant must be approved as a nominee by the central securities depository in terms of the depository rules and comply with the requirements set out in the rules”.

The above statutory requirements limit Strate’s obligations to the approval of Nominees of Participants and the monitoring of such Nominees’ on-going compliance with the criteria stipulated in this Strate Directive.

1.2.2 Further, in terms of rule 6.5 of the Strate Rules a participant may only open a Securities Account in the name of a Nominee where the Nominee has been approved by Strate in accordance with section 76(1)(b) of the Act, Strate Rules and Strate Directives.

1.2.3 Nominees that are approved under section 76(3) of the Financial Markets Act are not approved by Strate but must apply to be recognised by Strate for the purposes of facilitating the production of beneficial owner reports.

PART A

APPLICATION FOR APPROVAL OF A NOMINEE OF A PARTICIPANT IN TERMS OF SECTION 76(1)(B)

2. Requirements to be Approved as a Nominee of a Participant

- 2.1 To be eligible to be approved as a Nominee of a Participant and to maintain such approval, the Nominee must:
 - 2.1.1 be a registered company under the Companies Act, 2008 (Act No. 71 of 2008), and must ensure that the word 'Nominee' or 'Nominees' is included in its name; and
 - 2.1.2 be wholly owned by a Participant of Strate, authorised in terms of the Act.
- 2.2 The Participant must:
 - 2.2.1 have a system capable of providing Strate with a download of beneficial ownership information of all eligible Securities registered in the name of the Nominee, in the format and frequency as stipulated by Strate from time to time;
 - 2.2.2 ensure it has back-up procedures to ensure the integrity of its Nominee records and has located its disaster recovery hardware and related facilities off-site and complies with any other security and disaster recovery procedures as required by Strate;
 - 2.2.3 pay all non-refundable fees and levies as determined by Strate from time to time; and
 - 2.2.4 comply with any other reasonable criteria which Strate may from time to time specify.
- 2.3 Where the Participant has outsourced the maintenance of the Nominee's Securities Register to a third party ("the outsource company"):
 - 2.3.1 that outsource company must meet the requirements of 2.2.1, 2.2.2 and 2.2.4 above;
 - 2.3.2 the Participant must inform affected Clients of such outsource arrangements; and
 - 2.3.3 the Participant remains liable and accountable for compliance with the Rules and Directives, as well as for any data breach that may occur at the outsource company relating to the Nominee Securities Register.

3. Application Procedure

- 3.1 A Participant must lodge a written application for approval of a Nominee with Strate Supervision at:
- Postal Address: P O Box 78608, Sandton, 2196
- Physical Address: The MARC, Tower 1, 5th Floor, 129 Rivonia Road, Sandown, Sandton, 2196
- E-mail: Strate-Supervision@strate.co.za
- 3.2 Upon receipt of the application, provisional approval of the Nominee may be granted by the Head of Strate Supervision once the preliminary requirements are met.
- 3.3 Applications must be accompanied by the Nominee's registration certificate as well as a board resolution or a similar document authorising or confirming that whoever signs the application form has the requisite authority to do so.
- 3.4 Provisional approval is granted for a period not exceeding 3 (three) months. This period may be extended at the discretion of the Head of Strate Supervision. Provisional approval is granted for the specific purpose of assessing the Participant's compliance with 2.2.1, 2.2.2 and 2.2.4 above.
- 3.5 Final approval of the Nominee will only be recommended by the Head of Strate Supervision to the Regulatory and Supervisory Committee if all requirements have been met by the Participant.
- 3.6 Fees are charged per market. Where an application is received as part of the approval of a Participant, the Nominee application fee is paid as part of the Participant application fee.

4. Right to Withdraw or Suspend Approval

Strate may withdraw or suspend the approval of a Nominee should the Nominee concerned, the Participant, or the outsource company, fail to comply with Strate's requirements at any time.

PART B

APPLICATION FOR RECOGNITION OF A NOMINEE OF A NON-PARTICIPANT IN TERMS OF SECTION 76(3)

5. Requirements to be Recognised as a Nominee of a Non-Participant

- 5.1 In order to ensure that the requirements for the production of beneficial owner reports are met, a Nominee approved in terms of section 76(3) of the Act must be recognised by Strate.
- 5.2 In order to be recognised by Strate the entity that wholly owns the Nominee must:
 - 5.2.1 have a system capable of providing Strate with a download of beneficial ownership as stipulated by Strate from time to time;
 - 5.2.2 ensure it has back-up procedures to ensure the integrity of its Nominee records and has located its disaster recovery hardware and related facilities off-site and complies with any other security and disaster recovery procedures as required by Strate;
 - 5.2.3 pay all non-refundable fees and levies as determined by Strate from time to time; and
 - 5.2.4 comply with any other reasonable criteria which Strate may from time to time specify.
- 5.3 Where the entity that wholly owns the Nominee has outsourced the maintenance of the Nominee's Securities Register to a third party ("the outsource company"):
 - 5.3.1 that outsource company must meet the requirements of 5.2.1, 5.2.2 and 5.2.4 above;
 - 5.3.2 the entity that wholly owns the Nominee must inform affected clients about such outsource arrangements; and
 - 5.3.3 the entity that wholly owns the Nominee remains liable and accountable for compliance with the Rules and Directives, as well as for any data breach that may occur at the outsource company relating to the Nominee Securities Register.

6. Application Procedure

- 6.1 The entity that wholly owns a Nominee must lodge a written application for recognition of a Nominee approved in terms 76(3) of the Act with Strate Supervision at:

Postal Address: PO Box 78608, Sandton, 2196

Physical Address: The MARC Tower 1, 5th Floor, 129 Rivonia Road, Sandton, 2196

E-mail: Strate-Supervision@strate.co.za

- 6.2 The Application must be on the form stipulated by Strate, and set out in Part D of this Directive, and must include a written confirmation, or proof by the relevant regulatory authority, that the Nominee has been approved as a Nominee in terms of 76(3) of the Act.
- 6.3 Applications must be accompanied by the Nominee's registration certificate as well as a board resolution or a similar document authorising or confirming that whoever signs the application form has the requisite authority to do so.
- 6.4 Upon receipt of the application, provisional recognition of the Nominee may be granted by the Head of Strate Supervision once the preliminary requirements are met.
- 6.5 Provisional recognition is granted for a period not exceeding 3 (three) months. This period may be extended at the discretion of the Head of Strate Supervision. Provisional recognition is granted for the specific purpose of assessing the Participant's compliance with 5.2.1, 5.2.2 and 5.2.4 above.
- 6.6 Final recognition of the Nominee will only be granted by the Head of Strate Supervision if all requirements have been met by the Nominee.

7. Right to Withdraw or Suspend Recognition

Strate may suspend or withdraw the recognition of a Nominee should the Nominee concerned, the entity that wholly owns the Nominee, or the outsource company fail to comply with Part B and Part C of this Directive.

PART C

SUSPENSION OR WITHDRAWAL OF APPROVAL OR RECOGNITION

8. Suspension or Withdrawal of Approval or Recognition

The following obligations apply to all Nominees approved by Strate in terms of Part A and to all Nominees recognised by Strate in terms of Part B.

- 8.1 Should the approval of the Nominee in terms of section 76(3) of the Act be suspended or withdrawn by the relevant regulatory authority, the Nominee or the entity that wholly owns the Nominee, must within 24 (twenty-four) hours, notify Strate in writing of the suspension or withdrawal.
- 8.2 Where the approval or recognition of a Nominee has been withdrawn by Strate, Strate will notify the FSCA and the Participant or the Authorised User administering the Nominee's Securities Account.
- 8.3 If recognition or approval of a Nominee has been withdrawn under 8.1 or 8.2, the Participant or the Authorised User must cease all activity in the Nominee's Securities Account until the approval or recognition is regained.
- 8.4 The entity that wholly owns the Nominee must immediately make alternate arrangements to protect the rights of all beneficial owners represented by the Nominee.
- 8.5 If recognition or approval of a Nominee is not regained within 30 (thirty) days, separate Securities Accounts or Central Securities Accounts per beneficial owner of Securities must be opened and all Securities must be transferred out of the Nominees Securities Account into the accounts of the beneficial owners within a further 14 (fourteen) days. Alternatively, beneficial owners of Securities can submit written instructions directing the Participant or Authorised User to transfer their securities to a valid Securities Account of their choosing.
- 8.6 Once all Securities have been removed from the Nominee's Securities Account, that account must be closed.
- 8.7 Where the Nominee's Securities Account has no holdings and has been inactive for a period of at least 3 (three) months, the Participant or the entity that wholly owns the Nominee must, before resuming the provision of the beneficial ownership reports to Strate, provide to the Head of Strate Supervision a new confirmation from Strate that the Nominee has a system capable of providing Strate with the beneficial ownership report of all eligible Securities registered in the name of the Nominee, in the format and frequency as stipulated by Strate from time to time.
- 8.8 A register of:

- 8.8.1 all approved Nominees, specifying the categories of approval, is maintained by the FSCA;
- 8.8.2 Nominees approved and recognised by Strate is maintained by Strate.

PART D

APPLICATION FORM FOR APPROVAL OR RECOGNITION OF A NOMINEE

I. Instructions for Completion and Submission

1. This form must be properly completed and signed. Questions must be answered either in full or not applicable (“N/A”). The signatory(ies) must be duly authorised to make the application.
2. The format of this form or the wording of questions may not be changed. However, this form may be reproduced.
3. Answers may be handwritten or typed.
 - 3.1 If the answers are typed –
 - (a) delete the solid lines in those areas provided for answers before the answers are typed or use the overtyping mode whilst the answers are typed.
 - (b) rows may be inserted where insufficient space is provided for answers.
4. The completed form does not need to be accompanied by any duplicate copy of the form.
5. The application should be submitted in advance to ensure that there is sufficient time to allow the Head of State Supervision to consider it and seek information or clarification, where necessary.

II. Documents to be Submitted

6. Application for Approval of a Nominee of a Participant

In the case of an application for the approval of a Nominee of a Participant in terms of Part A, please attach the following documents and tick the boxes below

	YES	NO
6.1 Proof of payment of the non-refundable application fee		
6.2 Company registration certificate of the Nominee		
6.3 Written confirmation of proof that a Nominee is wholly owned by the Participant		
6.4 Board resolution or a similar document authorising or confirming that whoever signs the application form has the requisite authority to do so		

7. Application for Recognition of a Nominee

In the case of an application for recognition of a Nominee in terms of Part B, please attach the following documents and tick the boxes below

	YES	NO
7.1 Proof of payment of the non-refundable application fee		
7.2 Company registration certificate of Nominee		
7.3 A written confirmation by the relevant regulatory authority that the Applicant has been approved to operate as a Nominee		
7.4 Board resolution or a similar document authorising or confirming that whoever signs the application form has the requisite authority to do so		
7.5 Organogram and brief overview / description of the holding company and nominee		

III. Information Required

8. Please provide the following information on the Nominee:

- 8.1 Full name of the Nominee: _____
- 8.2 Registration number: _____
- 8.3 Physical Address: _____
- 8.4 Postal Address: _____
- 8.5 Full names of the contact person: _____
- 8.6 Telephone number: _____
- 8.7 Email Address: _____
- 8.8 Financial year-end: _____
- 8.9 Assets category the nominee has been approved to hold by the FSCA: _____
- 8.10 Brief overview / synopsis of the holding company: _____

- 8.11 Brief overview / synopsis of the Nominee: _____

- 8.12 Indicate the nature of the application:

Approval as a Nominee of a Participant in terms of section 76(1)(b) of the Act	
--	--

Recognition as a Nominee approved in terms of section 76(3) of the Act	
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9. Confirm the type of assets to be held in custody on behalf of beneficial owners and for which approval or recognition is sought.

Equities securities	
Bonds securities	

10. Does the Participant or the entity that wholly owns the Nominee have a system capable of providing Strate with a beneficial ownership report of all eligible Securities registered in the name of the Nominee, in the format and frequency stipulated by Strate?

Yes	
No	

11. Does the Participant or the entity that wholly owns the Nominee have back-up procedures to ensure the integrity of its Nominee records, and has it located its disaster recovery hardware and related facilities off-site? Details of all procedures and facilities must be provided.

Yes	
No	

12. Please provide the following information on the entity that wholly owns the Nominee:

12.1 Full name: _____

12.2 Registration number: _____

12.3 Physical Address: _____

12.4 Postal Address: _____

12.5 Full names of the contact person: _____

12.6 Telephone number: _____

12.7 Email Address: _____

13. Details of the Participant or Authorised User

13.1 Please indicate whether the Nominee's Securities Account will be maintained by a Participant or an Authorised User:

Participant	
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Authorised User	
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13.2 Please provide the following details of the Participant or Authorised User maintaining the Nominee’s Securities Account:

13.2.1 Full name: _____

13.2.2 Registration number: _____

13.2.3 Physical Address: _____

13.2.4 Postal Address: _____

13.2.5 Full names of the contact person: _____

13.2.6 Telephone number: _____

13.2.7 Email Address: _____

14. Details of the outsource company

14.1 Has the Participant or the entity that wholly owns the Nominee outsourced the maintenance of the Nominee’s Securities Register to a third party (“the outsource company”)?

Yes	
No	

14.2 If yes, please provide the following details of the outsource company:

14.2.1 Full name: _____

14.2.2 Registration number: _____

14.2.3 Physical Address: _____

14.2.4 Postal Address: _____

14.2.5 Full names of the contact person: _____

14.2.6 Telephone number: _____

14.2.7 Email Address: _____

IV. Declaration

We, the undersigned, duly authorised hereto,

- warrant that the applicant and Nominee comply with the requirements set by Strate in terms of Strate Directive SA.7 - *Requirements for Nominees to Operate in the Strate Environment* at the time of signature and while the Nominee operates in the Strate environment, and indemnify Strate accordingly; and

- certify that, to the best of our knowledge, the information provided in this form is complete, accurate and true and not misleading in any respect.

The authorised signatory of the Nominee:

Name: _____

Capacity: _____

Signature: _____

Date: _____

The authorised signatory of the entity that wholly owns the Nominee:

Name: _____

Capacity: _____

Signature: _____

Date: _____