

**MINUTES OF THE EIGHTEENTH ANNUAL GENERAL MEETING
HELD AT
Investec Bank Ltd
Executive Board Room – Second Floor
100 Grayston Drive, Sandown, Sandton**

1. WELCOME

The Chairperson welcomed those present and thanked them for their attendance. Attendees and apologies are recorded as per Annexure A of these minutes

2. AGENDA

The Secretary requested members and guests present to sign the register which remains a matter of record. Nineteen members were represented, and a further four members joined the meeting per Telecon. There being a quorum present in terms of the current Constitution the meeting was declared constituted.

3. APPROVAL OF MINUTES

The minutes of the Seventeenth Annual General Meeting held on 13 March 2018 were adopted and unanimously approved as a true reflection of proceedings.

4. CHAIRPERSON'S ADDRESS

The Chairperson presented a statement the content of which is set out below:

I would like to extend a warm welcome to all SASLA members, the executive committee and guests. Thank you for making the time to attend the AGM and for your continued support in participating in the South Africa Securities Lending Association.

I don't believe we'll need the 2 hours allocated for the meeting, so please do stay and relax and network with friends and colleagues after the formalities are over. Graham and Tania will provide detail to the finalised numbers for 2018, as well as the budget for this upcoming year, and then we will commence with the nomination and voting process for this year's executive committee and designates.

First and foremost, from my position as Chairperson, I would like to say a special thank you to the executive committee and active members, specifically some of our legal and tax experts that have played important roles in the many initiatives

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Members: ABSA Bank, AG Capital (Pty) Ltd. Astuta Trading, A2X (Pty) Ltd, Axon Xchange (Pty) Ltd Citigroup Global Markets, Deutsche Securities, Envisionit Capital Solutions, Equilend, Fidelity Information Systems, HSBC Bank plc-Johannesburg Branch, IHS Markit. Investec Bank, Iress Financial Markets S A, Jefferies International Ltd, JP Morgan Chase Bank, JSE Limited Legae Persec, Macquarie Securities SA, Navigare, Nedbank Ltd, Old Mutual Specialised Finance, Optimize Financial Services, Pirum Systems Ltd, Prescient Securities, Rand Merchant Bank, Riscura Solutions, Sanlam Capital Markets, Sanlam Investment Management, Satrix Managers (RF) Pty Ltd. Standard Bank of SA Ltd, Standard Chartered Bank Johannesburg Branch. STRATE Ltd, Sygnia Securities The Northern Trust Company. UBS South Africa (Pty) Ltd.

- In terms of the Constitution dated 2018 all members are full members.

that have touched our industry in the last year.
You have all contributed to working groups, participated in calls and discussions, and assisted with obtaining opinions and providing valuable guidance that all SASLA members have benefitted from.
Your commitment, time and efforts do not go unnoticed and without you we would have achieved very little, so thank you.

2018 Initiatives and Successes

Members

On this note, it's always good to see our membership base grow, and 2018 saw 6 members join the Association –

A2X, IHS Markit, AG Capital, Satrix, Sygnia Securities, and more recently Jeffries International.

This increases our member base to 38 which is really significant, and it's pleasing to see how many industry participants want to actively contribute in the promotion, development and efficient functioning of the South Africa Market.

We had 1 member resign as a result of the fee increase we introduced last year, and although we are mindful that we do not want to exclude any industry participants from the Association, the fee payable does allow for us to seek professional assistance on matters which benefit the industry as a whole.

We are also very appreciative of our growing number of international members that play a big part in making us aware of global trends and initiatives that have bearing on the local market and regulation.

Industry events

There is no better example of the great member participation, as your involvement in industry events.

I'm sure you will all agree that the Global Investor Securities Lending Masterclass in May last year was a huge success, drawing in a record number of delegates and great panel line ups at the Radisson Blu, against a fabulous Cape Town backdrop. This event has gained traction over the last few years and now become a permanent feature on the local calendar.

This year looks set to follow on this trend and we hope to have another record turnout at the Table Bay hotel on the 23rd May with representatives from the securities lending, collateral as well as REPO worlds.

The SASLA hosted networking drinks at the Two Oceans Aquarium was a brilliant function that everyone enjoyed. A big thank you to Tania for organising that event, and for masterminding the SASLA Spring Ball in September at the Wanderers Club. Another great night which afforded colleagues, friends and clients to come together and network in a more relaxed environment.

Thank you, Tania, for all your efforts in keeping us connected.

Markets

For the most part, 2018 was a tough year in the markets and the optimism that permeated when we all met at last year's AGM, has been muted to say the least. Trading desks have reported a quieter year, with revenues under pressure. According to stats, the SA loan book ended the year around the R105bil level, from R132bil at the start of 2018. Given the cyclical nature though, the market size ranged between R75 and R180bil through the year, while the total lendable book sits at roughly R1.5trillion.

And so, under the dawn of a new era, and some very careful and strategic moves on the Presidents part, we are cautiously optimistic that the May elections go well, some hard-line measures are put in place to address corruption and the like, and that investment and activity in the South African capital markets returns to levels seen previously.

Further afield, Trump has managed to hold office, and Brexit has kept the UK and Europe busy, with many firms now just paving their own way to deal with the worst of outcomes. International Securities Lending will not escape these consequences.

Taking cue from international best practices and regulations, South Africa is currently undergoing a number of law reforms now that the Twin Peaks model seems to be more embedded.

And this is where our efforts and participation as an Association has been concentrated and will most likely stay for the foreseeable future.

Projects

We have enjoyed mixed success across our initiatives in the last 12 months. Some have taken longer than expected to implement – some out of our control, and others within it - and we continue to give them the due attention they deserve.

I'll take a few moments to run through these now

- **Data** - we are still struggling with the decommissioning of manual submission of data to the website and this has been actively prioritised to get this completed in the first half of 2019.
- **The agency/principal best practice guide** – as I've commented in the last 2 committee meetings, we will endeavour to get this concluded as quickly as possible and within the allocated budget despite various members questions on the scope and extent to which the document caters for various scenarios across the industry.

- We continue to put efforts into the very important contribution to drafting of the FSCA Securities Finance Transactions Code of Conduct
- The JSE ITaC project – go-live date is now set for Monday 9th April, with the enhancements to collateral now only expected towards the end of this year
- Reg 28 changes for the Pension Funds Act – there is still no word on when we can expect to hear more on this
- Omnibus Bill changes to the FMA and the required wording clarification around pledge at security and account level - which looks to be postponed due to the elections in May
- We have received the final ENS opinion on Third Party reporting - to assist with the business partner ruling and Strate requirements to report all transactions
- TLAB, or Taxation Laws Amendment Bill and changes to section 64EB(2) of the Income Tax Act – the opinion from DLA has been received and Jeannette has so kindly assisted us with a decision tree for the practical implication of the changes
- With regard to SARS interpretation of amounts owed in collateral arrangements definitions - BASA and SASLA made a submission to National Treasury requesting clarification on the interpretation of the current wording, or that NT amend the wording as proposed, and we await feedback on this
- And very recently the Insolvency Act changes, which looked like they would go ahead without the due consideration for Master agreements and would have lost us our clean netting opinions, came through – at least we can be thankful that sense within the regulatory environment prevailed. Long may it continue!

I believe that our relationship with the regulators has strengthened, and their willingness to engage on matters and be open to input is a step in the right direction. Meaningful interactions with the FSCA, SARB and National Treasury, will allow us to proactively assist in a developing a successful Securities Lending industry.

Internationally

Some items that occupied international attention in 2018 and will continue to have focus in 2019 include

- ISLA's introduction of pledge documentation - as an alternative to the title transfer framework that has existed
- Changes to the Central Securities Depository Regulation
- HQLA and the capital regime
- Securities Financing Transaction Reporting, or SFTR - where first phase reporting requirements looks set to go-live in April 2020, and I strongly believe that SFTR will have bearing on future regulatory frameworks locally.

Data, data, data is at the forefront of everyone's agenda

Technology enhancements in the form of crypto, block chain, and distributed ledger technology are more, and more frequently appearing in the news, and institutions and regulators are well on their way to testing and implementing various solutions in this regard.

I have no doubt these will come more into focus as each of your own institutions investigate and explore possibilities in this regard.

2019 Challenges and changes

Further to the initiatives in progress mentioned earlier, the other items that I expect to top the agenda in our market for 2019 include,

- Strate Equities Bancs project
- SFTR, I have already alluded to – and the appropriate reporting requirements
- Short Selling Disclosure requirements as a result of the FSCA consultation document
- As well as the various initiatives in the market relating to CCP's, TR's and Tri-Party solutions, haircuts and capital requirements

And so, looking forward, and if the first 2 months of the year are anything to go by, 2019 looks set to be an interesting one.

Already, organizational changes announced by a few key players – SocGen and Axon, Envisionit and Zarclear provide examples of an industry landscape changing under market opportunities, regulatory changes and challenges, and technology evolution that forces us all to evaluate, assess, learn, adapt and implement new and different strategies.

I for one, believe change is a good thing and I wish those players and the whole market all the very best.

One thing is for sure, through all this hard work and participation, I believe that we are doing our utmost to promote and maintain the integrity of the industry, and to encourage reforms that will go a long way to enable an efficient and competitive environment for us all.

I would like to thank you all for your attention and participation and look forward to what lies ahead in 2019.

5. CONSTITUTION AND MEMBERSHIP

No amendments to the Constitution were proposed or effected.
There were six new membership applications received and approved by the Executive during the course of the year. Two resignations were lodged and accepted.

6. FINANCIAL REPORT

The Treasurer addressed the meeting on the financial statements and the 2019 budget which had previously been circulated.
There was general discussion on the support for the Masterclass event in May including attendance by the Regulatory Authority on a sponsorship basis.
It was also proposed to continue the industry event in the latter part of the year, and this would be financed on a matching contribution by participating members.
The budget was approved which would result in funds remaining in the order of R300000.
It was proposed that the member fees be increased to R10000 per member for the 2019 financial year. Member fees outstanding for the 2018 financial year had all been received prior to the AGM.

7. ELECTION OF THE EXECUTIVE COMMITTEE

Ten nominations were received for election to the Executive Committee.
Eight incumbent members were re-elected, and two nominations were received prior to the meeting. The nominations received from JSE LTD as a member and Axon Pty Ltd as a member were for A. Comninos, and P. Croeser, respectively.
As there were only ten, as provided for in the Constitution, no voting procedures were necessary, and the following representatives were elected for the forthcoming year:

A. Comninos, A. Sander, F. Khan, J. Taylor, J. Turner, M. Wright, N. Williams
P. Croeser, T. Riviere, U. Vaga.

At a meeting later convened by the newly elected Executive the following office bearers were elected for the ensuing year.

J. Turner – Chairperson.
T. Riviere – Treasurer.

Graham Lund was appointed as Secretary for a further year until the forthcoming Annual General Meeting.

8. GENERAL

A general discussion ensued on the continued reporting of data and it was agreed that this should continue to end June.

Regarding the Secretarial function M. Wright believed it was important to have an independent functionary as Secretary. In addition, we should at the same time look into building a record of historic and pertinent documentation and a review of holding it on the website.

A general discussion was centred on the forthcoming Masterclass and the benefit derived for members. This included the broadening of the audience from both local and international participants, and the participation of regulatory bodies.

A number of workshops both from STRATE and service providers were being proposed and the Chairperson undertook to inform all members accordingly.

9. CLOSURE

The Chairperson thanked all members for their attendance. All present were invited to partake in the refreshments.

There being no further business the meeting was declared closed.

10. "APPENDIX A"

SOUTH AFRICAN SECURITIES LENDING ASSOCIATION ANNUAL GENERAL MEETING – 13 MARCH 2019 ATTENDEES

INSTITUTION	REPRESENTATIVE
ABSA BANK LTD	Natasha Williams
AG CAPITAL	Ryan Aufrichtig
AXON EXCHANGE	Philip Croeser
AXON EXCHANGE	Sibusiso Maseko
A2X	Brett Kotze
DEUTSCHE SECURITIES	Mathew Arnott
ENVISIONIT	Terence Naidoo
ENVISIONIT	Umesh Vaga

EQUILEND	Emily Hollyoake(T)
INSTITUTION	REPRESENTATIVE
FIS	Talana Prinsloo
INVESTEC	Jean Turner
INVESTEC	Rajesh Chhana
JSE	Alex Comninos
NAVIGARE	Tania Riviere
NEDBANK	Michael Wright
PIRUM	Scott Brown (T)
PRESCIENT	Anthea Koral
RMB	Farzana Khan
SANLAM INVESTMENT MANAGEMENT	August Sander
SANLAM INVESTMENT MANAGEMENT	Roscoe Swanson
SASLA	Graham Lund
SOCGEN	Lloyd Keys
STANDARD BANK	Juanita Taylor
STANDARD CHARTERED	Wayne Bennett
SECRETARIAT	Graham Lund

GUESTS

INSTITUTION	REPRESENTATIVE
RMB	Jeanette Maree

APOLOGIES

INSTITUTION	REPRESENTATIVE
BASA	Gary Haylett
COMPUTERSHARE	Portia Symons

FIS	Carol Kemm
IRESS	Belinda Kasch
JPMORGAN	Mxolisi Morrison
JSE	Hemant Bheka
LEGAE PERESEC	Charlene Fortune
OMSFIN	Lance Osburn
RMB	Andrew Khoury
STANDARD BANK	Llewellyn Ford
THE NORTHERN TRUST CO	Justin Millar