

**MINUTES OF THE NINETEENTH ANNUAL GENERAL MEETING
OF SASLA HELD BY VIRTUAL COMMUNICATION
MARCH/APRIL 2020**

**The meeting was conducted through the auspices of the
Chairperson, and the contents of these minutes describe a
sequence of events and include authorisations which were
undertaken by electronic submissions of members**

1. COMMUNICATION

Due to the prevailing circumstances influenced by Covid-19 and the postponement of the meeting of 18 March 2020, members were presented with the following correspondence and proposal.

30 March 2020

Dear SASLA REPRESENTATIVE MEMBER

In view of the postponement of the SASLA AGM originally set down for the 18th March 2020 and under the current crisis facing our country with all its attendant ramifications SASLA representative members are being requested to respond to the following proposal.

The Chairpersons statement which would have been presented at the AGM is also attached per e-mail and completes the content of documentation previously circulated of the 2020 AGM.

In the current circumstances, in order to complete what would be the normal procedural aspects of the meeting, and to provide continuity within SASLA. the following sequential events are proposed:

Firstly, members via their nominated representative will be given a time by which they forward their acceptance of the proposal. Once approved the process will continue in order to complete the proposal.

Please note timelines given and their cut-off time are important for co-ordination and closure of ballots and members are urged to respond as quickly as possible to requests. Members are urged to have full participation as under the circumstances a few may not be able to participate due to the lock-down.

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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.

Members are requested to agree to the following.

1. **APPROVAL** and **ACCEPTANCE** of the proposed process. Under the current Constitution a quorum represents one third of the members. Once there is a quorum established by electronic messaging a simple majority vote of members will carry the motion.
2. On the completion of 1. above members will be requested to approve the Annual Membership Fee of R10000 as represented in the previously circulated budget documentation.
3. At the date of closure for acceptance of nominations for election to the Executive Committee there were 10 nominations. This number is equal to the amount allowed under the Constitution and hence there is no requirement for voting for election to the Executive Committee.
4. The election of office bearers takes place among those nominated to serve on the Executive Committee and once approval and acceptance of the process as in 1.above is completed those nominated members will be requested to discuss among themselves and put forward their choice of candidate for the Chairperson and the Treasurer. The current Chairperson will co-ordinate a video conferencing facility for completion of this process.
5. The appointment of the Secretary is a responsibility of the Executive.
6. On completion of voting, members will be informed of the elected office bearers for the ensuing year.

Thanking you for your co-operation. Should there be any queries regarding the above please contact me per e-mail or telephonically on 0832739821

Kind regards
Graham Lund
Secretary

2. AGENDA

The Secretary had distributed the Agenda together with all documentation including the financials relevant to the AGM for the meeting which had been set for the 18th March 2020.

3. APPROVAL OF MINUTES

The Secretary had distributed the Minutes of the Seventeenth Annual General Meeting of 2019 to all members. Those minutes had been ratified by the members at the Executive meeting of 15 May 2019.

4. CHAIRPERSON'S ADDRESS

The Chairperson submitted a statement which had been prepared for the Meeting of 18th March 2020 the content of which forms part of these minutes and is set out below:

SASLA AGM 18th March 2020 - CHAIRMANS REPORT

Good afternoon everyone, and welcome to the SASLA AGM.

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

From me, the Chairperson, I'd like to say a heartfelt thank you to the executive committee and contributing members for the roles and guidance you have provided over the last year. Your time and efforts are noted and very much appreciated. To our specialists, thank you for your input and expertise. And to Tania as Treasurer, and self-appointed 'Head of Entertainment', your efforts are selfless and go above and beyond. I'm sure I speak for everyone when I say we are truly grateful for the role you play in keeping us all connected.

The only way I can describe the events of the last few weeks, and the immediate future is unpredictable and unprecedented.

I never thought that on the eve of this AGM, we would have seen a global health pandemic, markets crashing, oil wars, and short selling bans.

Brexit and Trump wars suddenly seem like distant memories that once consumed our energies but fade in comparison to the recent radical changes implemented by governments in coordinated effort to curb the long-term impact of COVID19.

Globalisation is entering a new era with companies instituting work from home policies, travel restrictions and severe self-isolating strategies - 4IR has accelerated to the fore.

The SASLA community is strong and resilient and has thrived on lasting relationships between members. I have no doubt that we will continue to perform a vital role required in the current market dynamics, in ensuring efficiency and optimal continuation in the functioning of the South African capital markets throughout this crisis.

[Members and changes]

Our Association currently has 37 members. This number has stayed relatively static over the last 12/24 months, although we have seen a few movers and shakers in the industry which has forged the way for new participants and contributors. Most recently in this vein is the partnership formed by Axon and ORG Solutions. We have also seen a few offshore entity leavers from the local market, which is always unfortunate.

At this point that I would like to pause and take a minute to acknowledge our retiring Secretary of SASLA. It is with sadness, and extreme gratitude that we bid a fond farewell to Graham.

His contribution over many years has brought brilliant continuity and knowledge. I would like to personally thank Graham for everything that he's done with SASLA over the years, and for keeping an eye on the orderly and efficient running of meetings and AGM's. He has been an integral part of the Association and been a friend and colleague to many of you around the table. I know that Graham is looking forward to spending time with family and friends, but we will miss his smiling face and keenness to be involved with all of our engagements. Thank you, Graham, for putting in the effort and keeping us all honest. I wish you well. Good luck and keep in touch.

At the last meeting, I introduced Caroline Mark to you all. Caroline will be taking over the responsibilities of SASLA Secretary, and I welcome her and am sure that she will be a great asset to the SASLA exco and wider member group.

[Market stats]

What can I say about 2019 that hasn't already been wiped from our memories from the events of the last few weeks? (I certainly needed reminding)

According to stats (provided by Datalend – thank you), the SA loan book ended the year around the R82.7bil mark, from R105bil at the start of 2019. Given the cyclical nature though, the 'on-loan' size ranged between R81bil and R227bil through the year, while the total lendable book sits at roughly R1.27trillion.

While the market is jittery and some pools of assets have been recalled from the market, securities lending plays a critical role, and it will be interesting to see how our numbers and average fee rates are affected going forward.

[Projects]

I'll take the next few minutes to cover some of the initiatives which took our focus in 2019.

It goes without saying that there are a number of stubborn agenda items that remain with the regulatory authorities, and we wait diligently to assist in this regard. The movement on these items is slow, but we continue to be dedicated to providing the necessary input that will shape and strengthen our legal and regulatory framework and our operating environment.

Those projects completed, or where we are almost at finished, include the following:

- **Agency / Principal Module** – dare I say we are almost there with finalising and signing this off with the last comments with CDH!
- **Datalend solution** – a number of members are close to finalising their data submissions which will go a long way to us maintaining a solid repository that we can rely on
- **Insolvency Act changes**
- **The large Naspers corporate action event**
- **Strate Equities Bancs project** – was delivered on time and with committed participation from many industry stakeholders
- **Project Rainbow** – the migration of the SocGen CSDP business to ABSA went well just a few weeks ago, also with solid contribution from members
- **A very successful masterclass event in May, with record numbers**

Some that linger include

- **Reg 28 changes for the Pension Funds Act** – unfortunately outstanding for more than 5 years now
- **Omnibus Bill changes to the FMA** - which will be covered in the FMA review for which the comments deadline has just been extended to April
- **FSCA Securities Finance Transactions Code of Conduct** – we await feedback after our last meeting with the FSCA in September 2019
- **Minimum Haircut Floors**, which was raised again recently, and is under a quantitative & qualitative review with SARB expected in April
- **Further proposed tax legislation changes**

With some barely out the starting blocks, namely

- **Feedback on industry comments to the Short Sale Discussion Paper and use of LEI's**
- **SFTR implications for the SA market**
- **Review of corporate action processing in general**
- **ITaC securities collateral**
- **CCP's, TR's and impending legislation and market applicants**
- **Refreshing our website and creating an updated repository of documents for members only consumption, as well as for the public – one to gain focus in 2020**

In the current environment, there are no guarantees that these projects will be ticked off in the near future, but we can only continue to be available for consultation and participation as required.

What I do foresee, is that the events of the last few weeks and coming months, will certainly spur a whole new wave of topics and regulatory discussion points as the world moves forward to 4IR and unfolding challenges and opportunities that this may bring to the financial markets. I believe we've accelerated the next pace of change and some of these considerations will need be brought quickly to the table.

Based on recent developments and announcements – both on a national level, and various companies’ policies with regard to remote working situations, it’s worth considering how our association will operate in future - whether we have a video/tele-conference meeting only or continue in person. It’s without a doubt that we have entered a new way of conducting ourselves, our work, and relationships.

An important education and networking event on our calendar that was gaining increasing popularity and attraction is our Masterclass event. 2019 saw a wonderfully diverse number of delegates from various sectors of the market, both locally and from abroad. And so, it was a tough decision for ISF to make the difficult call to postpone the upcoming event. Initially scheduled for 22nd April, we really do hope that a new date will be set for later in the year. SASLA and its members are known for their vigorous enthusiasm to celebrate our market and foster deep relationships with our friends and colleagues, so I’m sure that we will find time for it on the calendar again.

[Ex SA]

If we look at developments further afield.....

After SASLA, together with the JSE, presented to a number of African market infrastructures in July last year, we have seen a few of these countries adopt Securities Lending programs in the latter part of last year – Kenya, Nigeria, Egypt to name a few, with more on the horizon. It was humbling to be able to share our own experiences and knowledge with these participants, in order to provide input into their frameworks for efficient functioning of these industries and create additional market depth and volume.

[Global]

Abroad, the hot topics which took center stage included political issues due to Brexit and the associated future implications for liquidity as well as legislation challenges caused by fragmentation of authorities.

The regulatory issues that defined the landscape, included

- SFTR and CSDR reporting regimes which are set to have an impact on trading and settlement process flows, and
- Uncleared margin rules (UMR) and the associated impacts on business models, collateral, and asset transformation techniques.

High on the international discussion agenda is the question of sustainable finance and ESG issues. It’s important to be cognisant of how these principles will co-exist alongside Securities Lending going forward. This topic is only starting to gain prominence but is fast becoming fixed on the agenda which will define future policy and legislation. ESG factors are already used during asset allocation decision making and will be critically integral to any investment process. Lending activity will then have to be incorporated into the ethos of those strategies. It will affect how potentially lent securities are used by borrowers, how recalls are handled for

voting matters, and what collateral will be accepted in return.

In a world moving towards automation, we should see focus too on a better alignment between enhanced technology solutions (as an example – the use DLT and tokens) with business needs to ensure that money spent by firms in such investments will have actual quantifiable benefits. Something to be considered (perhaps a new project for us?) is the digitalisation of master agreements and the potential benefits associated with standardised common terms and conditions, as well as facilitating convenient and easy documentation updates.

We will no doubt, not have an issue with running out of things to tackle and consider.

[2020 and Beyond]

In these uncertain times, we are entering uncharted territory, and I'm a firm believer that through adversity and challenge, new opportunities will present themselves - for each of us, the firms we work for and the world we live in.

Thank you as always, for your steadfast contributions and commitments to the Securities Lending industry and in encouraging reforms that promote and maintain the integrity of the South African market.

The only constant we can rely on, is that there will be change.

5. CONSTITUTION AND MEMBERSHIP

No amendments to the Constitution were proposed or effected.

6. FINANCIAL REPORT

The Financial statements and the 2020 budget had previously been circulated.

It was proposed that the member fees be maintained at R10000 per member for the 2020 financial year. Subsequent to the acceptance of the proposal of a virtual meeting for completion of the AGM the following occurred. The membership fee for the ensuing year was approved by a quorum and a majority of members, with one objection recorded, in response to the virtual circulation proposal regarding fees.

7. ELECTION OF THE EXECUTIVE COMMITTEE

Prior to the postponement of the meeting of the 18th March 2020 the following member representatives were proposed as nominations for election to the Executive Committee.

INSTITUTION	REPRESENTATIVE
ABSA BANK LTD	Natasha Williams
AXON XCHANGE	Philip Croeser
ZARCLEAR	Umesh Vaga
INVESTEC	Jean Turner
JSE	Alex Comninos
NAVIGARE	Tania Riviere
NEDBANK	Michael Wright
RMB	Andrew Khoury
SANLAM INVESTMENT MANAGEMENT	August Sander
STANDARD BANK	Juanita Taylor

As there were only ten nominations, as provided for in the Constitution, no further voting procedures were necessary, and the representatives were duly elected for the 2020 year:

A future meeting of the appointed Executive was to be held, at a future date, for determination of the position of Chairman and Treasurer from their number.

Graham Lund retired as the appointed Secretary and the position would be filled by the appointment of Caroline Mark.

8. GENERAL

As there was no formal meeting no topics of a general nature were addressed.

9. CLOSURE

All requested electronic responses, as requested, were received, and remain a matter of record of membership participation. The business of the 2020 AGM was concluded.