

South African Securities Lending Association

CONSTITUTION

- NAME** 1.1 South African Securities Lending Association (“SASLA”)
- OFFICES & PREMISES** 2.1 SASLA shall be administered by The Executive Committee resident at the office of the Chairman from time to time.
- 2.2 Its postal address shall be P O Box 331 Cresta 2118, or any alternative address published by the Executive Committee from time to time.
- OBJECTS & DUTIES** SASLA shall strive to achieve the following objectives:
- 3.1 to promote the lending and borrowing of South African securities;
- 3.2 to safeguard the integrity of the industry in South Africa and abroad;
- 3.3 to encourage the reform of tax and other legislation for the benefit of the industry;
- 3.4 to assist in the orderly, efficient and competitive development of business and to this end establish standards and guidelines for good working practices;
- 3.5 to encourage an exchange of ideas and information;
- 3.6 to liaise with regulators, government and other agencies to increase their awareness and understanding of the industry and to assist in the development of appropriate regulation for the industry;
- 3.7 to cooperate with industry bodies in other countries or internationally in matters of common interest;
- 3.8 to promote awareness of future challenges and opportunities for securities lending.
- POWERS OF THE ASSOCIATION** 4.1 The Association may contract with and enter into relationships with third parties in pursuit of the objectives set out in paragraph 3 and may incur expenditure for this purpose.
- 4.2 All actions taken by the Association must be mandated in terms of this constitution.
- 4.3 Expenditure incurred by the Association must be authorized or ratified in terms of this constitution.
- 4.4 The Association may not act as agent for or bind any of its members to any undertaking or obligation.
- 4.5 The Association may not borrow or run an overdraft on any account.
- MEMBERSHIP** 5.1 Any person or body actively involved in the industry as lender, borrower or intermediary may be a member of the

Association, provided that it:

- 5.1.1 adheres to any minimum code of conduct and ethics adopted by the Association from time to time;
- 5.1.2 pays a joining fee and annual membership fee; and
- 5.1.3 contributes to the cost of *ad hoc* projects undertaken on behalf of the industry.

- 5.2 A service provider, consultant or other entity which has an interest in Securities Lending but does not qualify for membership under 5.1 may become an associate member.
- 5.3 The Executive Committee has full discretion to grant or decline any application for membership.
- 5.4 A designated representative or alternate representative may represent members at Association meetings.
- 5.5 Membership is not transferable.
- 5.6 Associate members may not vote at a general meeting and may not be elected to the Executive Committee.

RESIGNATION AND TERMINATION OF MEMBERSHIP

- 6.1 A member may resign from the Association by delivering written notification to the Chairman of the Executive Committee.
- 6.2 Membership may be terminated by the Executive Committee upon written notification to the member, if
 - 6.2.1 the payment of the annual subscription or any other amount is overdue by three months or more;
 - 6.2.2 the member is insolvent, unable to pay its debts or is the subject of a winding up petition presented by one of its creditors; or
 - 6.2.3 the member fails to comply with the code of conduct or acts in any other way in a manner which brings the industry into disrepute ("misconduct");
- 6.3 Membership may not be terminated on the grounds of misconduct unless the complaint against the member has been circulated to it and it has been given the opportunity to present its case to the Executive Committee.
- 6.4 Members will be liable for their pro-rata share of any financial or other obligations entered into prior to the date of resignation or termination.

FUNDING & SUBSCRIPTIONS

- 7.1 The Association's subscription year is from 1 January to 31 December of the same calendar year.
- 7.2 At the time of being admitted, new members must pay a joining fee.
- 7.3 Members must pay an annual fee within 6 weeks of the commencement of each subscription year.
- 7.4 The quantum of annual and joining fees may be determined by the Executive Committee at the beginning of each subscription year, with due regard to (i) the benefit to be derived by new members from the prior activities of the Association and, (ii) the budgeted expenditure for the

forthcoming subscription year.

- 7.5 Special levies may be imposed to cover extraordinary expenditure.
- 7.6 An institution joining within three months of the end of a subscription year may pay an amount equivalent to one-half of the annual subscription for that year.

COMPOSITION OF EXECUTIVE COMMITTEE

- 8.1 The Executive Committee shall consist of a Chairman, a Financial Officer and 8 other representatives of members, elected by members at the AGM (“elected representatives”).
- 8.2 Of the 10 elected representatives there shall be at least one from each of the following interests: primary lenders, intermediaries and primary borrowers.
- 8.3 The Chairman shall officiate at committee meetings, arrange for minutes to be kept and be responsible for any notices required to be sent to members or the Executive Committee, with the assistance of the Administrator.
- 8.4 The Financial Officer shall maintain accurate financial records and arrange for accounts to be presented each year at the AGM.
- 8.5 Elected representatives will serve for one year and may stand for re-election.
- 8.6 The Executive Committee may co-opt additional *ex officio* representatives from regulatory agencies and industry bodies to serve on the Executive Committee.
- 8.7 The Executive Committee may co-opt representatives of members or associate members (“co-opted representatives”) to serve on the Executive Committee – if considered necessary to achieve the objectives of the Association.
- 8.8 A co-opted representative will cease to serve once the specified objective is achieved, or upon the decision of the Executive Committee.
- 8.9 If an elected representative of a member resigns from their employer, then that member may appoint another representative to serve on the Executive Committee until the next AGM.
- 8.10 If the employer of an elected representative ceases to be a member of the Association, then that elected representative shall vacate their position on the Executive Committee and the Executive Committee may appoint another representative of a member to fill the vacancy until the next AGM.
- 8.11 In order to be elected Chairman, an elected representative should have been a market participant for at least one year.
- 8.12 The Executive Committee shall elect the Chairman and the Financial Officer from amongst the elected representatives immediately after the AGM or at any subsequent Executive

Committee meeting should a vacancy in either of these two positions arise.

MEETINGS OF EXECUTIVE COMMITTEE

- 9.1 There will be a minimum of 4 committee meetings per year. The Chairman must set the dates and give advance notice to all members.
- 9.2 A quorum shall be established if at least 50% of the elected representatives are present or participate by way of tele- or video-conferencing facilities.
- 9.3 Elected representatives or their appointed alternates shall have the power to vote. Co-opted and *ex officio* representatives may not vote.
- 9.4 Ordinary resolutions may be passed by a majority of elected representatives present at the meeting.
- 9.5 Resolutions which will result in expenditure of the funds of the Association, or the termination of membership on the grounds of misconduct, may only be passed with the vote of at least two-thirds of the elected representatives present at the meeting.
- 9.6 The Chairman must circulate a copy of the minutes of committee meetings within 2 weeks (showing clearly any resolutions passed) to all members of the Association.
- 9.7 Visitors may only attend meetings if the Executive Committee has given prior approval.
- 9.8 The Chairman may exercise a casting vote in the event of deadlock.

POWERS OF THE EXECUTIVE COMMITTEE

The Executive Committee may, in the manner set out in paragraph 9:

- 10.1 determine the quantum of any levy upon members, the annual fee, and the joining fee;
- 10.2 embark upon any project or initiative considered necessary for promoting the industry;
- 10.3 establish any committee or task group;
- 10.4 employ consultants or requisition any research or other information;
- 10.5 recover contributions to extraordinary costs from the members who would benefit by an initiative, subject to prior notice to those members;
- 10.6 exempt or waive the payment of any cost or fee;
- 10.7 develop and amend from time to time a code of conduct or practice guideline applicable to members;
- 10.8 approve or decline an application for membership of the Association and sanction any member acting contrary to the Association's objectives; and
- 10.9 determine additional membership criteria.

AGMS & EXTRAORDINARY GENERAL MEETINGS

- 11.1 An AGM will take place within 3 months of the subscription year-end.
- 11.2 An extraordinary general meeting may be called by the Executive Committee at the request of any member.

- 11.3 Any member may place items on the agenda of a general meeting, by communicating with the Chairman at least 14 days prior to the proposed meeting – provided that this requirement may be waived by a majority vote of members present at the general meeting.
- 11.4 The Chairman shall circulate the agenda to all members of the Association ten days before the general meeting.
- 11.5 A quorum at any general meeting shall be one-third of the members of the Association.
- 11.6 Voting shall be by show of hands unless a majority of members present request a secret ballot.
- 11.7 All resolutions except changes to the constitution shall be carried by a simple majority vote. Amendments to the constitution require a two-thirds majority of members present.
- 11.8 The chairman of the Executive Committee shall *ex officio* act as chairman at meetings of the Association.

REMUNERATION

- 12.1 An Association member or representative of a member on the Executive Committee may not be remunerated for services rendered in that capacity.
- 12.2 Association members may be remunerated for work contracted by the Executive Committee following the procedures set out in paragraph 9.5.
- 12.3 Sundry expenses and administrative costs incurred by a member may be recovered, provided the expense was authorised in advance by the Executive Committee.

DISSOLUTION

- 13.1 The Association will be dissolved if two-thirds or more of the members present vote in favour of dissolution at a general meeting.
- 13.2 Assets remaining after deduction of all outstanding obligations shall be distributed equally among the members within 90 days of the date of dissolution.

COMPETITION

- 14.1 Members shall not be bound by any advice, recommendation or decision of the Association affecting any matter which could lessen competition between members or other parties involved in securities lending.
- 14.2 Members shall not compete for business on the basis of unjustifiable or dubious interpretations of applicable laws and regulations.

CERTIFIED A TRUE COPY OF THE ORIGINAL

Signed

G. G. Lund.....Secretary

South African Securities Lending Association