

STOCKBROKERS AUDITORS' REPORTS

PRO-FORMA AUDITOR'S REPORTS TO BE SUBMITTED TO THE EXECUTIVE COMMITTEE OF THE JSE LIMITED AND REPORTING DEADLINES¹

	Illustrative Report	Page	Reporting Deadline
	Cover Letter	2-3	
1	A copy of the audited Annual Financial Statements of the member is to be submitted to the Executive Committee of the JSE.		3 months after financial year end
2	Part A Review Report of the auditor to the Executive Committee of the JSE on the Annual Reconciliation Statement of Adjusted Liquid Capital at the financial year end; and Part B Factual Findings Report on the member's Schedule of monthly Capital Adequacy Returns submitted to the JSE during the financial year being audited.	4-9	3 months after financial year end
3	Factual Findings Report on Agreed Upon Procedures at year end in respect of: A. Verification of Securities Holdings at year-end, B. Segregation of Client Funds at year end, C. Client Mandates, and D. Appendix to Part 3A Procedure 3: Reconciling differences between dematerialized equity securities balances per BDA and the CSDP (if applicable).	10-22	3 months after financial year end

¹ While the "long form reports" are required to be submitted directly to the JSE by the auditor, a copy of the auditor's "long form report" also may be provided to the member.

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The Executive Committee
JSE Limited
c/o The Director: Market Regulation
One Exchange Square
Gwen Lane
Sandton
2196

Dear Sirs

INDEPENDENT AUDITOR'S REPORT OF [NAME OF JSE MEMBER] TO THE EXECUTIVE COMMITTEE OF JSE LIMITED ("THE JSE") IN TERMS OF THE FINANCIAL MARKETS ACT, NO.19 OF 2012 AND THE JSE RULES AND DIRECTIVES

We have completed our audit of <Name of JSE Member> ("the member") for the year ended <insert year end date> and attach a copy of the annual financial statements on which we issued an unmodified opinion on <insert date auditor's report was signed>² referred to as Part 1 of this report. Our audit of the financial statements was performed in accordance with International Standards on Auditing and included consideration of the member's compliance with those provisions of the Financial Markets Act (the "Act"), and the JSE Rules and Directives that may materially affect the annual financial statements and any disclosures therein.

Directors' responsibility

The directors of the member are responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework indicated in the annual financial statements and this includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. In addition the directors must ensure that the system of internal control provides effective control over mandates and ensures compliance with the Act, the JSE Rules and the Directives applicable to the member. Furthermore, the directors are responsible for the preparation of the Annual Reconciliation Statement of Adjusted Liquid Capital and the Schedule of monthly Capital Adequacy Returns submitted to the JSE.

Auditor's responsibility

Our responsibility is to report on the financial statements and the Annual Reconciliation Statement of Adjusted Liquid Capital, and to perform certain agreed upon procedures as detailed below in accordance with International Standards on Auditing ("ISAs"), International Standards on Review Engagements ("ISREs"), and International Standards on Related Services ("ISRSs"), as applicable, and to report as required by the JSE in respect of these matters set out below.

In forming our review conclusions and factual findings contained in the Parts 2A, 2B and 3 reports attached to this report we have, where appropriate, drawn on evidence obtained in the course of our audit of the financial statements.

² If the auditor's opinion is modified, the auditor indicates whether the opinion was qualified, whether an adverse opinion was expressed, or whether the opinion was disclaimed.

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Conclusions and factual findings

Our respective review conclusions and factual findings are expressed in the individual Parts 2A, 2B and 3 of our reports attached.

This report comprises the following:

- 1 A copy of the audited Annual Financial Statements of the member for the year ended *<insert date>* is attached hereto.
- 2 **A** Review Report on the Annual Reconciliation Statement of Adjusted Liquid Capital at the financial year end; and
B Factual Findings Report on the member's Schedule of monthly Capital Adequacy Returns submitted to the JSE for the current financial year ended *<insert date>*.
- 3 Factual Findings Report on Agreed Upon Procedures in respect of the:
 - A. Verification of Securities Holdings at year-end;
 - B. Segregation of Client Funds at year end;
 - C. Client Mandates; and
 - D. Appendix to Part 3A Procedure 3: Reconciling differences between dematerialized equity securities balances per BDA and the CSDP (if applicable).

Restriction on use and distribution

The Parts 2A, 2B and 3 reports attached to this letter are intended solely for the purpose of meeting our responsibility to report to the JSE as indicated above. Our reports are not suitable for another purpose and should not be distributed to or used by any other parties other than the JSE and the [*Directors, Board, Sub-Committee Chairpersons, Management*] of the member.

Should you wish to discuss the contents of the Parts 2A, 2B and 3 reports attached to this cover letter in any further detail, please contact [*Partner's name and telephone numbers*].

Yours faithfully

[*Auditor's Signature*]

[*Name of individual registered auditor*]

[*Capacity if not a sole practitioner*

e.g. Director/Partner]

Registered Auditor

[*Date of auditor's report*]

[*Auditor's address*]

STOCKBROKERS AUDITORS' REPORTS

PART 2A

Independent Auditor's review report on the Annual Reconciliation Statement of Adjusted Liquid Capital as at <insert year end>

We have reviewed the accompanying Annual Reconciliation Statement of Adjusted Liquid Capital of the member at [*insert financial year end date*] as required by JSE Directive DB 1 and prepared in accordance with JSE Directive DC, which we have initialled for purpose of identification.

Directors' responsibilities for the Annual Reconciliation Statement of Adjusted Liquid Capital

The directors are responsible for the preparation of the Annual Reconciliation Statement of Adjusted Liquid Capital, for the adjustments reflected therein, and the annual financial statements from which the relevant information has been derived in accordance with JSE Directive DC, and for such internal control as the directors determine is necessary to enable the preparation of the Annual Reconciliation Statement of Adjusted Liquid Capital that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the Review of the Annual Reconciliation Statement of Adjusted Liquid Capital

Our responsibility is to express a conclusion on the Annual Reconciliation Statement of Adjusted Liquid Capital. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Annual Reconciliation Statement of Adjusted Liquid Capital is not prepared, in all material respects, in accordance with JSE Directive DC. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Annual Reconciliation Statement of Adjusted Liquid Capital.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Annual Reconciliation Statement of Adjusted Liquid Capital at [*insert financial year end date*] is not prepared, in all material respects, in accordance with JSE Directive DC.³

³ Should the auditor be unable to provide an unmodified review conclusion, a paragraph should be added to reflect the "Basis for the Qualified or Adverse Conclusion or Disclaimer of Conclusion" with the appropriate modification of the auditor's review conclusion thereafter.

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Basis of preparation of the Annual Reconciliation Statement of Adjusted Liquid Capital and restriction on use and distribution

Without modifying our conclusion, we emphasise that the Annual Reconciliation Statement of Adjusted Liquid Capital of the member were prepared for the purpose of reporting to the JSE and the [*Directors, Board, Sub-Committee Chairpersons, Management*] of the Member. As a result, the Annual Reconciliation Statement of Adjusted Liquid Capital may not be suitable for another purpose.

Our report is intended solely for the purpose of meeting our responsibility to report to the JSE in terms of the Act and the JSE Directive DB 1. Our reports are not suitable for another purpose and should not be distributed to or used by any parties other than the JSE and the [*Directors, Board, Sub-Committee Chairpersons, Management*] of the member.

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PART 2B:

Factual findings report of the independent auditor to the JSE on agreed-upon procedures in respect of monthly Capital Adequacy Returns

We have performed the procedures agreed with the member and the JSE as set out below with respect to the capital surpluses/shortfalls per the monthly Capital Adequacy Returns submitted by the member to the JSE during the year ended <insert date> and detailed in the attached schedule, which we have initialled for identification purposes. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The procedures were performed solely to assist the member and the JSE in evaluating whether or not the capital surpluses or shortfalls reflected on the monthly Capital Adequacy Returns submitted by the member during the year under review are in agreement with the member's copies of those returns. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the member and the JSE.

Agreed-upon procedures performed and findings

We obtained the attached schedule of capital surpluses/shortfalls per the monthly Capital Adequacy Returns from the member and compared each month's capital surplus / shortfall to the member's copy of the Capital Adequacy Return submitted to the JSE.

We found that the amounts reflected on the schedule are all in agreement with the member's copy of the Capital Adequacy Returns inspected by us. <State any exceptions found>.

Because the above procedures do not constitute either an audit, a review or other assurance engagement performed in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, we do not express any assurance on the schedule of capital surpluses/shortfalls per the Capital Adequacy Returns for the year ended <insert date>.

Had we performed additional procedures or had we performed an audit, review, or other assurance engagement, in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to you.

Restriction on use and distribution

Our report and the attached schedule is intended solely for the purposes set out in the first paragraph of this report, and for the information of the JSE and the member, and are not to be used for any other purpose, nor to be distributed to any other parties, except where this report may be required for any regulatory purposes in terms of the Act and / or the JSE Rules and Directives. This report relates only to the Annual Reconciliation Statement of Adjusted Liquid Capital and Schedule of capital surpluses/shortfalls per the monthly Capital Adequacy Returns and does not extend to the annual financial statements of the member taken as a whole.

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Member's Annual Reconciliation Statement of Adjusted Liquid Capital as at [Insert Year-End Date]

Calculation of Adjusted Liquid Capital

	<u>Per DC</u> <u>2.1</u> <u>R</u>	<u>Per AFS</u> <u>R</u>	<u>Differences</u> <u>R</u>
Ordinary share capital			
Preference share capital			
Share premium account			
Reserves			
Audited retained earnings (or accumulated losses)			
Unaudited profit (or loss)			
Owners equity			
Subordinated loans			
Guarantees received			
Total capital reserves			
Less: Impaired capital			
Intangible assets			
Guarantees provided			
Material holdings in credit institutions and investment firms			
Available capital resources			
Less: Illiquid assets			
Fixed assets, net of related secured loans			
Investments in unlisted securities			
Guarantees provided to clearing houses			
Adjusted liquid capital at book value			

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(i) Mark to market profits and losses

- Equities
- Bonds
- OTC Derivatives

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(ii) Additional provisions and accruals

(iii) Tax provision on mark to market profits and losses and additional provisions and accruals

Adjusted liquid capital⁴

_____	_____	_____
=====	=====	=====

Management comments on material⁵ differences in the Adjusted Liquid Capital:

...

⁴ Management is to provide an explanation of any material differences in the Adjusted Liquid Capital.

⁵ Material in the context of audit materiality.

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Schedule of capital surpluses/shortfalls per the monthly Capital Adequacy Returns from the member compared to the member's copy of the Capital Adequacy Return submitted to the JSE

Month	Surplus/(Shortfall) per the Capital Adequacy Returns from the member	Surplus/(Shortfall) per the Capital Adequacy Returns submitted to the JSE	Difference
	<u>R</u>	<u>R</u>	<u>R</u>
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			
[Insert Date]			

Management comments on all⁶ differences in the Monthly Capital Adequacy Returns submitted to the JSE:

...

⁶ Management is to provide an explanation of all differences in the Monthly Capital Adequacy Returns submitted to the JSE.

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PART 3: FACTUAL FINDINGS REPORT

Factual findings report of the independent auditor to the JSE on agreed-upon procedures in respect of verification of securities holdings, segregation of client funds and client mandates

We have performed the procedures agreed with the member and the JSE in respect of the member's compliance with selected sections of the Act and the Rules for the period ended [*insert financial year end*], as set out in the attached table, with respect to the member's records and specified aspects of the member's system of internal control for the year ending [*insert financial year end*], in particular relating to:

- Part A: Verification of Securities Holdings;
- Part B: Segregation of Client Funds;
- Part C: Client Mandates; and
- Part D: Appendix to Part 3A Procedure 3: Reconciling differences between dematerialized equity securities balances per BDA and the CSDP (if applicable).

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information* and was performed in terms of the requirements of Board Notice 100 of 2013 and JSE Directive DG 1.7.2.1 solely to assist the member and the JSE in evaluating the extent of the member's compliance with selected sections of the Act and the Rules. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the member and the JSE.

Agreed-upon procedures performed and findings

Our agreed-upon procedures and findings are detailed in the attached schedule, initialled for identification purposes. In addition, the attached schedule includes explanations by management of the member regarding any deviations from the Act and Rules and/or exceptions identified by the auditor. Unless specified in the relevant procedures, we are not required to and have not performed any additional procedures to corroborate management's explanations and provide no assurance in regard to them.

Because our procedures do not constitute an audit, a review or other assurance engagement performed in accordance with International Standards on Auditing, International Standards on Review Engagements, or International Standards on Assurance Engagements, we do not express any assurance on the design and implementation of the key controls identified by management or on compliance with the relevant provisions of the Act or the other requirements set out in the relevant Board Notice and the JSE Directives.

Had we performed additional procedures or had we performed an audit, review or other assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, other matters might have come to our attention which we would have reported to you.

Restriction on use and distribution

Our report and the attached schedule are intended solely for the purpose set forth in the first paragraph of this report and for the information of the member and the JSE, and are not to be used for any other purpose or to be distributed to any other parties, except where this report may be required for any regulatory purposes in terms of the Act and / or the JSE Rules and Directives. This report relates only to the matters specified in our factual findings report and does not extend to the implementation or operating effectiveness of the internal controls and annual financial statements of the member taken as a whole.

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Part 3A: Verification of Securities Holdings			
In compliance with paragraph 2 of Board Notice 100 of 2013, we have performed the procedures agreed with you and described below in order to report on whether or not the securities which, according to the relevant accounting records, have been entrusted to the member or for which the member is accountable to any person, were in the possession of the member or a custodian on [date of JSE member's financial year end], and whether confirmations or statements of holdings have been obtained from the persons who maintain the record of ownership of such securities.			
No.	Procedures to be performed by the auditor as at the financial year end	Auditor's "Findings and Exceptions" or indicate "No exceptions found"	Explanations from the member's management in respect of exceptions identified by the auditor
1	We inspected the certificated securities which, according to the relevant accounting records, were in the possession of the member.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: <i>[State exceptions]</i>	We obtained from the member the explanations recorded below regarding the discrepancies between the member's accounting records and the securities in the possession of the member: <i>[State explanations]</i>
2	We either inspected or obtained confirmation of the securities which, according to the relevant accounting records, were not in the possession of the member but which were held by or deposited with, or for which record of ownership was maintained by any other person on behalf of the member, other than dematerialized equity securities held by a central securities depository participant.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: <i>[State exceptions]</i>	We obtained from the member the explanations recorded below regarding the discrepancies between the member's accounting records and the securities held by other persons on behalf of the member: <i>[State explanations]</i>
3	We inspected the reconciliation of the record of dematerialized equity securities held by the member to the records of the central securities	We report that the results of our agreed procedures identified no exceptions other than those indicated below:	We obtained from the member the explanations recorded in the attached Appendix regarding the cause of each reconciling item

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Part 3A: Verification of Securities Holdings			
In compliance with paragraph 2 of Board Notice 100 of 2013, we have performed the procedures agreed with you and described below in order to report on whether or not the securities which, according to the relevant accounting records, have been entrusted to the member or for which the member is accountable to any person, were in the possession of the member or a custodian on <i>[date of JSE member's financial year end]</i> , and whether confirmations or statements of holdings have been obtained from the persons who maintain the record of ownership of such securities.			
No.	Procedures to be performed by the auditor as at the financial year end	Auditor's "Findings and Exceptions" or indicate "No exceptions found"	Explanations from the member's management in respect of exceptions identified by the auditor
	depository participant (PCSDRC report), and Obtained reasons from the member for all reconciling differences between BDA and the CSDP, reflected in <i>Report 3D - Appendix to Report 3A Procedure 3</i> , agreed the reasons to the return submitted to the JSE, and inspected records supporting the explanations provided.	<i>[State exceptions in Report 3D - Appendix to Report 3A for this Procedure 3]</i>	reflected in the Appendix and regarding how each reconciling item reflected in the Appendix was resolved. We documented in Appendix 3D the records we inspected which supported the explanations provided by management. <i>State explanations and records examined in support thereof in Report 3D - Appendix to Report 3A Procedure 3</i>
4	We inspected transfer office receipts confirming the existence of securities which, according to the relevant accounting records, were lodged with issuers for registration.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: <i>[State exceptions]</i>	We obtained from the member the explanations reported below regarding the discrepancies between the member's accounting records and the transfer office receipts evidencing the existence of securities lodged with issuers: <i>[State explanations]</i>

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Part 3A: Verification of Securities Holdings			
In compliance with paragraph 2 of Board Notice 100 of 2013, we have performed the procedures agreed with you and described below in order to report on whether or not the securities which, according to the relevant accounting records, have been entrusted to the member or for which the member is accountable to any person, were in the possession of the member or a custodian on [date of JSE member's financial year end], and whether confirmations or statements of holdings have been obtained from the persons who maintain the record of ownership of such securities.			
No.	Procedures to be performed by the auditor as at the financial year end	Auditor's "Findings and Exceptions" or indicate "No exceptions found"	Explanations from the member's management in respect of exceptions identified by the auditor
5	<p>We selected a sample of the top 50 [state sample size if population is less than 50] custody clients' based on the value of clients' securities balances and performed the following procedures:</p> <ul style="list-style-type: none"> • We obtained positive confirmation of the top 20 custody clients based on the value of clients' securities balances from the sample of custody clients selected; and • We performed a negative circularisation on the remaining custody clients selected [state sample size]. <p>We inspected records supporting the explanations obtained from the member of how queries regarding securities balances raised by custody clients who responded to our positive or negative confirmation requests, were resolved.</p> <p><i>(Note: The JSE requires a minimum sample size of 50 custody clients' securities balances to be tested, unless the JSE member has fewer than 50 custody clients).</i></p>	<p>We report that the results of our agreed procedures identified no exceptions other than those indicated below: [State exceptions]</p>	<p>We obtained from the member the explanations reported below regarding how queries regarding securities balances raised by custody clients, who responded to our positive or negative confirmation requests, were resolved and we documented below the records we inspected which supported the explanations provided by management: [State explanations and specify manner of resolution of each reconciling item, where applicable]</p>

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Report 3B: Segregation of Client Funds			
In compliance with paragraph 3(a) of Board Notice 100 of 2013, we have performed the procedures agreed with you and described below in order to report on whether or not the member has complied with section 21 of the Act which relates to the maintenance and operation of a trust account.			
No	Procedures performed by the auditor	Auditor's "Findings and Exceptions" or indicate "No exceptions found"	Explanations from the member's management in respect of exceptions identified by the auditor
1.	We obtained independent confirmations of the cash held by banks on behalf of the member in client trust accounts and agreed these confirmations to the financial records of the member.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: <i>[State exceptions:]</i>	We obtained from the member the explanations recorded below for any exceptions that we identified in relation to the above mentioned procedures. <i>[State explanations]</i>
2.	We inspected the JSET Account Balances (PJSETB) report produced by BDA as at <i>[date of member's financial year end]</i> to ensure that the list of client credit cash balances agrees with the member's JSE Trustees Control account balances and with the balance held by JSE Trustees per the JSE's records.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: <i>[State exceptions:]</i>	We obtained from the member the explanations recorded below for any exceptions that we identified in relation to the above mentioned procedures. <i>[State explanations]</i>
3.	We inspected the member's bank reconciliations as at <i>[date of member's financial year end]</i> to identify whether or not there were any:- <ul style="list-style-type: none"> ▪ Unprocessed client deposits on current accounts that represent funds that should have been deposited into a trust account; ▪ Unpaid segregation of funds transfers to JSE Trustees that had not been processed on BDA; or 	We report that the results of our agreed procedures identified no exceptions other than those indicated below: <i>[State exceptions:]</i>	We obtained from the member the explanations recorded below for any exceptions that we identified in relation to the above mentioned procedures. <i>[State explanations]</i>

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Report 3B: Segregation of Client Funds			
In compliance with paragraph 3(a) of Board Notice 100 of 2013, we have performed the procedures agreed with you and described below in order to report on whether or not the member has complied with section 21 of the Act which relates to the maintenance and operation of a trust account.			
No	Procedures performed by the auditor	Auditor's "Findings and Exceptions" or indicate "No exceptions found"	Explanations from the member's management in respect of exceptions identified by the auditor
	<ul style="list-style-type: none"> Payments to clients that had been outstanding for an unreasonable period⁷, which represent funds withdrawn from JSE Trustees and held in the member's current account. 		
4.	We inspected the Credit Control Report (PCCREP) produced by BDA as at [<i>date of member's financial year end</i>] to identify whether or not there were any credit cash balances in excess of R5 000 on Delpay client accounts, that may represent funds due to clients that had not been swept to JSE Trustees.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: [<i>State exceptions:</i>]	We obtained from the member the explanations recorded below for any exceptions that we identified in relation to the above mentioned procedures. [<i>State explanations</i>]
5.	We inspected the trial balance as at [<i>date of member's financial year end</i>] to identify whether or not there appear to be any suspense accounts in the general ledger used by the member to record unallocated client deposits, which represent funds that should have been swept to JSE Trustees.	We report that the results of our agreed procedures identified no exceptions other than those indicated below: [<i>State exceptions:</i>]	We obtained from the member the explanations recorded below for any exceptions that we identified in relation to the above mentioned procedures. [<i>State explanations</i>]
6.	We selected a sample of the top 50 [<i>state sample size if population is less than 50</i>] custody clients based on the value of clients' cash balances and	We report that the results of our agreed procedures identified no exceptions other than those indicated below:	We obtained from the member the explanations reported below regarding how queries regarding

⁷ Auditors may assume that an unreasonable period for electronic fund transfers is one week and for cheques, one month.

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Report 3B: Segregation of Client Funds			
In compliance with paragraph 3(a) of Board Notice 100 of 2013, we have performed the procedures agreed with you and described below in order to report on whether or not the member has complied with section 21 of the Act which relates to the maintenance and operation of a trust account.			
No	Procedures performed by the auditor	Auditor's "Findings and Exceptions" or indicate "No exceptions found"	Explanations from the member's management in respect of exceptions identified by the auditor
	<p>performed the following procedures to the sample selected:</p> <ul style="list-style-type: none"> • We obtained positive confirmation of the top 20 custody clients based on the value of clients' cash balances from the sample of custody clients selected; and • We performed a negative circularisation on the remaining custody clients selected [<i>state sample size</i>]. • We inspected records supporting the explanations obtained from the member of how queries regarding cash balances raised by custody clients who responded to our positive or negative confirmation requests, were resolved. <p><i>(Note: The JSE requires a minimum sample size of 50 custody clients' cash balances to be tested, unless the JSE member has fewer than 50 custody clients).</i></p>	<i>[State exceptions]</i>	<p>cash balances raised by custody clients, who responded to our positive or negative confirmation requests, were resolved we documented below the records we inspected which supported the explanations provided by management:</p> <p><i>[State explanations and specify manner of resolution of each reconciling item, where applicable]</i></p>

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Part 3C: Client Mandates					
With reference to JSE Directive DG 1.7.2.1 and Section 8.120.3 of the JSE Equity rules, we report that we have performed the procedures agreed with you and described below in order to identify the key controls implemented by management to ensure that the control objectives over client mandates as specified by the JSE are met and have operated during the financial year.					
No	Control objectives specified by the JSE	Procedures performed by the auditor	Key controls identified by the member's management and documented by the auditor	Auditor's "Findings and Exceptions" or "No Exceptions"	Explanations from the member's management in respect of exceptions
1.1	A signed mandate (and a duly completed needs analysis for investment management clients) is obtained from each investment management and custody client;	Through enquiry of management of the member, we identified and documented the key controls, as discussed with management, that address the specified control objectives in respect of mandates obtained and held for investment management and custody clients.	Our procedures identified the following key controls, as discussed with management, that address the control objectives specified by the JSE (Objectives 1.1 to 1.4) in respect of mandates for investment management and custody clients:	Management identified and has implemented key controls for each control objective specified by the JSE (Objectives 1.1 to 1.4) in respect of mandates for investment management and custody clients, except for: <i>[State exceptions]</i>	The explanations obtained from management as to why key controls that address each of the control objectives specified by the JSE (Objectives 1.1 to 1.4) were not implemented are set out below: <i>[State explanations and what corrective action was taken by management to implement the relevant key controls]</i>
1.2	Each signed mandate contains the minimum requirements prescribed by the JSE in the form of a proforma mandate;	Tested, through enquiry, inspection and observation, whether or not the key controls identified for points 1.1 to 1.4 were implemented during the financial year under review.	<i>[List key controls identified by management that meet each objective specified by the JSE (Objectives 1.1 to 1.4)]</i>		
1.3	Accounts for which mandates are still outstanding are				

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Part 3C: Client Mandates					
With reference to JSE Directive DG 1.7.2.1 and Section 8.120.3 of the JSE Equity rules, we report that we have performed the procedures agreed with you and described below in order to identify the key controls implemented by management to ensure that the control objectives over client mandates as specified by the JSE are met and have operated during the financial year.					
No	Control objectives specified by the JSE	Procedures performed by the auditor	Key controls identified by the member's management and documented by the auditor	Auditor's "Findings and Exceptions" or "No Exceptions"	Explanations from the member's management in respect of exceptions
	identified; and				
1.4	Remedial action is taken to address outstanding mandates				
2	Key control objectives for 1.1 to 1.4 above	We selected a sample of the top 50 [<i>state sample size if population is less than 50</i>] investment management and custody clients based on the value of clients' total cash and securities holdings and performed the following procedure[s] on [to] the sample selected: Tested, through inspection and observation, whether or not the key controls	The key controls tested are those identified above that address the control objectives (Objectives 1.1 to 1.4) specified by the JSE.	We report that the results of our testing on a sample of [<i>state sample size</i>] investment management and custody clients did not identify any instances when the key controls described above did not operate other than those indicated below: [<i>State exceptions, where applicable</i>]	The explanations obtained from management as to why key controls identified above and implemented failed to operate for any part of the financial year are set out below: [<i>State explanations and what corrective action was taken by management to re-instate the key controls that did not operate</i>]

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Part 3C: Client Mandates					
With reference to JSE Directive DG 1.7.2.1 and Section 8.120.3 of the JSE Equity rules, we report that we have performed the procedures agreed with you and described below in order to identify the key controls implemented by management to ensure that the control objectives over client mandates as specified by the JSE are met and have operated during the financial year.					
No	Control objectives specified by the JSE	Procedures performed by the auditor	Key controls identified by the member's management and documented by the auditor	Auditor's "Findings and Exceptions" or "No Exceptions"	Explanations from the member's management in respect of exceptions
		identified for points 1.1 to 1.4 above have operated during the financial year under review. <i>(Note: The JSE requires a minimum sample size of 50 mandates to be tested, unless the JSE member has fewer than 50 investment management and custody clients).</i>			

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Part 3C: Client Mandates			
With reference to JSE Directive DG 1.7.2.1 and Section 8.120.3 of the JSE Equity rules, we report that we have performed the procedures agreed with you and described below in order to identify the key controls implemented by management to ensure that the control objectives over client mandates as specified by the JSE are met and have operated during the financial year.			
No	Procedures performed by the auditor	Auditor's: "Findings and Exceptions" or indicate "No exceptions found"	Explanations obtained from management as to why prescribed mandates had not been obtained or were not held
3	Based on the information provided to us by management regarding the manner in which the member identifies in its records those investment management and custody clients for which mandates are still outstanding, we identified all investment management and custody accounts for which the records of the member reflect that a prescribed mandate has not been obtained from the client.	We report that the results of our agreed procedures did not identify any mandates that were outstanding for investment management and custody clients, other than those indicated below: <i>[State exceptions and relevant number of client accounts, where applicable]</i>	The explanations obtained from management as to why prescribed mandates had not been obtained for those investment management and custody clients for which the records reflect a mandate has not been received, are set out below: <i>[State explanations and the relevant number of accounts, where applicable]</i>
4	We identified all client accounts in respect of which the JSET Account Balances BDA report reflects that funds were held by the member as at <i>[date of member's financial year end]</i> but which were not reflected in the records as being custody accounts, and: <ul style="list-style-type: none"> ▪ inquired whether prescribed mandates were, in fact, held on behalf of those clients; and ▪ if prescribed mandates were not held on behalf 	We report that the results of our inquiries did not identify any client accounts <i>for which prescribed mandates were not held</i> , on behalf of those clients in respect of which the JSET Account Balances BDA report reflects that funds were held by the member as at <i>[date of member's financial year end]</i> but which were not reflected in the records as being custody accounts, other than those	The explanations obtained from management as to why prescribed mandates were not held for client accounts in respect of which the JSET Account Balances BDA report reflects that funds were held by the JSE member but which were not reflected in the records as being custody accounts, are set

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Part 3C: Client Mandates			
With reference to JSE Directive DG 1.7.2.1 and Section 8.120.3 of the JSE Equity rules, we report that we have performed the procedures agreed with you and described below in order to identify the key controls implemented by management to ensure that the control objectives over client mandates as specified by the JSE are met and have operated during the financial year.			
No	Procedures performed by the auditor	Auditor's: "Findings and Exceptions" or indicate "No exceptions found"	Explanations obtained from management as to why prescribed mandates had not been obtained or were not held
	of those clients, documented the explanations provided by management as to why prescribed mandates were not held.	indicated below: <i>[State exceptions and relevant number of client accounts, where applicable]</i>	out below: <i>[State explanations and the relevant number of client accounts, where applicable]</i>

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Part 3D: Verification of Securities Holdings: Appendix to Part 3A - Procedure 3			
Reconciling differences between dematerialised equity securities balances per BDA and the CSDP (if applicable)			
No.	Exceptions identified by the auditor	Explanations from the member's management in respect of exceptions identified by the auditor	Evidence inspected in support of explanations from the member's management in respect of exceptions identified by the auditor
3	<p>We report that the results of our agreed procedures identified no exceptions other than those reconciling differences between dematerialized equity securities balances per BDA and the CSDP (if applicable), indicated below:</p> <p><i>[State exceptions]</i></p>	<p>We obtained from the member the explanations recorded below regarding the cause of each reconciling item reflected in the auditor's findings and regarding how each reconciling item reflected in the Appendix was resolved:</p> <p><i>[State explanation]</i></p>	<p>We inspected the following records which supported the explanations provided by management:</p> <p><i>[Indicate records inspected]</i></p>

Note to auditors:

There is no particular format to be followed for Appendix 3D - auditors are expected, however, to provide the information indicated above.