

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	
4	Report on Material Matters	3-4	3 months after financial year end
5	Representations by the Auditors	5	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.

STOCKBROKERS AUDITORS' REPORTS

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

Dear Sirs

REPORT OF THE APPOINTED AUDITOR TO THE EXECUTIVE COMMITTEE OF JSE LIMITED ("THE JSE") ON THE MATERIAL MATTERS RELATING TO INTERNAL CONTROLS, RECORD KEEPING OR NON-COMPLIANCE OF [NAME OF JSE MEMBER] (THE "MEMBER") AND THE PROFESSIONAL INDEMNITY INSURANCE OF THE AUDITOR IN TERMS OF THE FINANCIAL MARKETS ACT, NO.19 OF 2012 (THE "ACT") AND THE JSE RULES AND DIRECTIVES (THE "DIRECTIVES")

The Parts 4 to 5 reports attached to this letter are made for the purpose of our compliance with the requirements of JSE Directive DG 1.7.2.2 of the Directives regarding material matters relating to internal controls, record keeping or non-compliance with the Act or the JSE Rules and Directives and JSE Directive DF of the Directives in respect of professional indemnity insurance.

The Parts 4 to 5 reports attached to this letter are not made in respect of an assurance engagement within the scope of the *International Framework for Assurance Engagements*. We have not followed any pronouncement as issued by the International Auditing and Assurance Standards Board ("IAASB") for the completion of this assignment and as a result our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in JSE Directive DG 1.7.2.2 and JSE Directive DF on which we are required to report under these Directives.

Restriction on use and distribution

The Parts 4 to 5 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 respective Parts 4 to 5 attached to this 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 4: REPORT ON MATERIAL MATTERS

This report is made to the JSE under the requirements of JSE Directive DG 1.7.2.2 with respect to material matters relating to internal controls, record keeping or non-compliance with the Act or the JSE Rules and Directives which have come to our notice, that in our opinion, the member should give attention to or which the Director: Market Regulation should be made aware of.

This report is not made in respect of an assurance engagement within the scope of the *International Framework for Assurance Engagements*. We have not followed any pronouncement as issued by the International Auditing and Assurance Standards Board ("IAASB") for the completion of this assignment and as a result our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in the Act or the JSE Rules and Directives on which we are required to report under JSE Directive DG 1.7.2.2.

Background information

In the course of performing our audit of the statutory financial statements, we complied with International Standard on Auditing (ISA) 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, which requires the auditor to communicate appropriately to those charged with governance and management any significant deficiencies in internal control that the auditor identified during the audit of the statutory financial statements.

ISA 265 defines "*deficiencies in internal control*" and "*significant deficiencies in internal control*" as:

1. Deficiency in internal control – This exists when:
 - A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or
 - A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.
2. Significant deficiency in internal control – A deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Our work performed for the purpose of completing our audit of the statutory financial statements was not designed to express an opinion or conclusion on the design and/or operating effectiveness of the internal controls.

For the Director: Market Regulation's information, we set out in Appendix XXX an extract of those significant deficiencies in internal control, and material matters relating to record keeping or non-compliance with the Act or the JSE Rules and Directives that we identified during our audit of the statutory financial statements and communicated to [*the Audit Committee and/or Directors and/or management*] of the [*Member, delete as appropriate*] on [*date*].

[OR]

Pursuant to JSE Directive DG 1.7.2.2, we report that no significant deficiencies in internal control, or material matters relating to record keeping or non-compliance with the Act or the JSE Rules and Directives have come to our notice during our audit of the statutory financial statements.

STOCKBROKERS AUDITORS' REPORTS

In addition, we have reported a reportable irregularity in respect of [Delete if not applicable]

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Part 4: Guidance to auditors when reporting on material matters (To be removed from report before issue)

The JSE advises auditors that in determining what *material matters* relating to *internal controls, record keeping or non-compliance with the Act or the JSE Rules and Directives* should be reported to the JSE, the auditor considers including those material matters ordinarily included in the auditor's report to those charged with governance of the member, arising from the auditor's findings in the course of the audit of the annual financial statements.

In determining what matters should be reported in compliance with Directive DG 1.7.2.2, the auditor considers the guidance in *ISA 260 (Revised), Communication with those charged with governance*, as well as in *ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*.

In addition, the auditor should include details of any reportable irregularity relating to the matters dealt with in DG 1.7.2.2, which has been reported during the year under review to the IRBA and the entity in terms of Section 45 of the Auditing Profession Act.

STOCKBROKERS AUDITORS' REPORTS

PART 5: REPRESENTATIONS BY THE AUDITOR

Professional Indemnity Insurance

In compliance with JSE Directive DF and as a supplement to the above report, we confirm that we are in possession of a valid and sufficient Professional Indemnity Insurance policy.

The name and address of the relevant issuer or agent of our Professional Indemnity Insurance is as follows:

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