

**PRO-FORMA AUDITOR'S REPORTS AND AUDITED ANNUAL FINANCIAL STATEMENTS TO
BE SUBMITTED TO THE EXECUTIVE COMMITTEE OF THE JSE LIMITED AND REPORTING
DEADLINES¹**

	Illustrative Report/Deliverable	Page	Reporting Deadline
	Cover Letter	2-4	
1	A copy of the audited annual financial statements of the JSE member is to be submitted to the Executive Committee of the JSE.		Three (3) months after the financial year-end
2	<p><u>Part 2A</u> Review Report of the auditor to the Executive Committee of the JSE on the <i>Annual Reconciliation Statement of Adjusted Liquid Capital</i> at the financial year-end; and</p> <p><u>Part 2B</u> Agreed-Upon Procedures Report on the JSE member's schedule of monthly <i>Capital Adequacy Returns</i> submitted to the JSE during the financial year being audited.</p>	5-13	Three (3) months after the financial year-end
3	<p>Agreed-Upon Procedures Report at year-end in respect of:</p> <p>A. Inspection of Securities Holdings at the financial year-end;</p> <p>B. Segregation of Client Funds at the financial year-end;</p> <p>C. Client Mandates; and</p> <p>D. Appendix to Part 3A Procedure 3: Reconciling differences between dematerialised equity securities balances per the JSE's broker deal accounting system and the South African Central Securities Depository Participant (if applicable).</p>	14-38	Three (3) months after the 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" may also be provided to the JSE member.

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

Dear Sirs

REPORT OF THE INDEPENDENT AUDITOR OF [NAME OF THE JSE MEMBER] TO THE EXECUTIVE COMMITTEE OF THE 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 the JSE member> ("the member") for the year ended <insert year-end date> and attach a copy of the audited annual financial statements on which we issued an unmodified opinion on <insert the date the auditor's report was signed>² referred to as Part 1 of this report. Our audit of the annual 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"), as well as 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. This also 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 as set out below.

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

In forming our review conclusion and reporting our findings on our agreed-upon procedures contained in the Parts 2A, 2B and 3 reports, which are attached to this report, we have, where appropriate, drawn on evidence obtained in the course of our audit of the annual financial statements.

Conclusion and findings

Our respective review conclusion and findings from our agreed-upon procedures are expressed in the individual Parts 2A, 2B and 3 reports, as attached.

This report comprises the following sections:

- 1 A copy of the audited annual financial statements of the member for the year ended *<insert the date>*, as submitted to the Executive Committee of the JSE and attached hereto.
- 2 **A** Review Report on the Annual Reconciliation Statement of Adjusted Liquid Capital at the financial year-end; and
B Agreed-Upon Procedures Report on the member's schedule of monthly Capital Adequacy Returns submitted to the JSE for the current financial year ended *<insert the date>*.
- 3 Agreed-Upon Procedures Report in respect of the:
 - A. Inspection of Securities Holdings at the financial year-end;
 - B. Segregation of Client Funds at the financial year-end;
 - C. Client Mandates; and
 - D. Appendix to Part 3A Procedure 3: Reconciling differences between dematerialised equity securities balances per the JSE's broker deal accounting system ("BDA") and the South African Central Securities Depository Participant ("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 the individual registered auditor]

[Capacity, if not a sole practitioner]

e.g. Director/Partner]

Registered Auditor

[Date of the auditor's report]

[Auditor's address]

PART 2A

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

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

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

Without modifying our conclusion, we emphasise that the Annual Reconciliation Statement of Adjusted Liquid Capital of the member in the attached Schedule A was 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 report is 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.

**Schedule A: Member's Annual Reconciliation Statement of Adjusted Liquid Capital as at
[Insert the Year-End Date]**

Calculation of Adjusted Liquid Capital

	<u>Per DC 2.1</u>	<u>Per audited annual financial statements</u>	Differences
	<u>R</u>	<u>R</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	<hr/>	<hr/>	<hr/>
Subordinated loans			
Guarantees received			
	<hr/>	<hr/>	<hr/>
Total capital reserves			
Less: Impaired capital			
Intangible assets			
Guarantees provided			
Material holdings in credit institutions and investment firms			
	<hr/>	<hr/>	<hr/>
Available capital resources			
Less: Illiquid assets			
Fixed assets, net of related secured loans			
Investments in unlisted securities			
Guarantees provided to clearing houses			
	<hr/>	<hr/>	<hr/>
Adjusted liquid capital at book value			

(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

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[Management comments on material⁵ differences in the Adjusted Liquid Capital:

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

⁵ Material in the context of audit materiality.

STOCKBROKERS AUDITORS' REPORTS

PART 2B

Independent auditor's Agreed-Upon Procedures Report to the JSE in respect of the capital surpluses/shortfalls per the monthly Capital Adequacy Returns

Purpose of this Agreed-Upon Procedures Report and restriction on use and distribution

Our Part 2B report on the capital surpluses/shortfalls, per the monthly Capital Adequacy Returns submitted by the member to the JSE during the year ended <insert the date> and detailed in the attached Schedule B, is provided solely for the purpose of assisting the member and the JSE in evaluating whether or not the capital surpluses/shortfalls reflected on the monthly Capital Adequacy Returns submitted by the member during the year to which our agreed-upon procedures engagement relates are in agreement with the member's copies of those returns; and may not be suitable for another purpose. This report is intended solely for the directors of the member and the JSE and should not be used by, or distributed to, any other parties.

Responsibilities of the directors of the member and the JSE

The directors of the member and the JSE have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors of the member are responsible for the subject matter on which the agreed-upon procedures are performed.

Auditor's responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the directors of the member, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

The agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

[For engagements beginning before 15 December 2022] [Delete block if not applicable]

Professional ethics and quality control

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

STOCKBROKERS AUDITORS' REPORTS

For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

[For engagements beginning on or after 15 December 2022] [Delete block if not applicable]

Professional ethics and quality management

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies the International Standard on Quality Control Management 1, *Quality Control Management for Firms that Perform Audits and or Reviews of Financial Statements, and or Other Assurance and or Related Services Engagements* and accordingly, designs, implements and operates maintains a comprehensive system of quality control management including documented policies and which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and findings

We have performed the procedures described below, which were agreed upon with the directors of the member in respect of the capital surpluses/shortfalls, as per the monthly Capital Adequacy Returns specified below.

STOCKBROKERS AUDITORS' REPORTS

Procedures	Findings	
	Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
<p>1. Obtain from <i>[state the name and designation of the member representative]</i> their copies of the monthly "Capital Adequacy" Returns for the reporting period, and document the respective monthly capital surpluses/shortfalls amounts in Schedule B.</p> <p>2. Observe <i>[state the name and designation of the member representative]</i> log into the JSE portal [https://capadreturns.jse.co.za/] and inspect the monthly Capital Adequacy Returns submitted to the JSE for the reporting period, and document the respective monthly capital surpluses /shortfalls in Schedule B.</p> <p>3. Agree each month's capital surplus/shortfall amount per the member's copies of the returns to the amounts per the monthly Capital Adequacy Returns submitted to the JSE, and document any differences in Schedule B.</p> <p>4. Where it is identified in procedure 3 above that the mentioned amounts do not agree with each other for any month, obtain from <i>[state the name and designation of the management representative]</i> an explanation of all the differences and document management's explanations.</p>	<p>1. We obtained from <i>[state the name and designation of the member representative]</i> their copies of the monthly Capital Adequacy Returns for the reporting period, and documented the respective monthly capital surpluses/shortfalls amounts in the attached Schedule B.</p> <p>2. We observed <i>[state the name and designation of the member representative]</i> log into the JSE portal [https://capadreturns.jse.co.za/] and inspected the monthly Capital Adequacy Returns submitted to the JSE for the reporting period, and documented the respective monthly capital surpluses/shortfalls in the attached Schedule B.</p> <p>3. We agreed each month's capital surplus/shortfall amount per the member's copies of the returns to the amounts per the monthly Capital Adequacy Returns submitted to the JSE, and documented our findings in the attached Schedule B.</p>	<p>4. Not applicable, because no differences were identified.</p> <p>OR</p> <p>Refer to Schedule B for explanations obtained from <i>[state the name and the designation of the management representative]</i> of each of the differences identified in procedure 3.</p>

STOCKBROKERS AUDITORS' REPORTS

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

Month and Year	Surplus/(Shortfall) per the member's copies of the Capital Adequacy Returns	Surplus/(Shortfall) per the Capital Adequacy Returns submitted to the JSE	Difference
	<u>R</u>	<u>R</u>	<u>R</u>
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			
[Insert Month and Year]			

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

...

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

STOCKBROKERS AUDITORS' REPORTS

PART 3

Independent auditor's Agreed-Upon Procedures Report to the JSE in respect of the inspection of securities holdings, segregation of client funds and client mandates

Purpose of this Agreed-Upon Procedures Report and restriction on use and distribution

Our Part 3 report is provided solely for the purpose of assisting the member and the JSE in evaluating the extent of the member's compliance with selected sections of the Act and the Rules for the period ended *[insert the financial year-end]*, as set out in the attached table below, with respect to the member's records and specified aspects of the member's system of internal control for the year ending *[insert the financial year-end]*, particularly relating to the:

Part A: Inspection 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 dematerialised equity securities balances per the BDA and the CSDP (if applicable).

This report may not be suitable for another purpose and is intended solely for the directors of the member and the JSE, and should not be used by, or distributed to, any other parties.

Responsibilities of the directors of the member and the JSE

The directors of the member and the JSE have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors of the member are responsible for the subject matter on which the agreed-upon procedures are performed.

Auditor's responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the directors of the member and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

The agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

[For engagements beginning before 15 December 2022] [Delete block if not applicable]

Professional ethics and quality control

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

[For engagements beginning on or after 15 December 2022] [Delete block if not applicable]

Professional ethics and quality management

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The firm applies the International Standard on Quality Control Management 1, *Quality Control Management for Firms that Perform Audits and or Reviews of Financial Statements, and or Other Assurance and or Related Services Engagements* and accordingly, designs, implements and operates maintains a comprehensive system of quality control management including documented policies and which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and findings

We have performed the procedures described in the attached table below, which were agreed upon with the directors of the member in respect of the member's compliance with the specified sections of the Act and the Rules specified below.

In addition, the attached table below includes explanations by management of the member regarding any deviations from the Act and Rules and/or exceptions found by the auditor. We are not required to perform, and have not performed, any additional procedures to corroborate management's explanations, and provide no assurance with regard to those explanations.

STOCKBROKERS AUDITORS' REPORTS

Part 3A: Inspection of Securities Holdings

In compliance with paragraph 2 of Board Notice 100 of 2013 issued by the Financial Services Board (now known as the Financial Sector Conduct Authority since 1 April 2018), we have performed the procedures described below in respect of 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 the JSE member's financial year-end]*, and in respect of confirmations or statements of holdings 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	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions identified by the auditor
1	<p>1.1 Obtain a listing of all the certified securities from <i>[state the name and designation of the member representative]</i> and compare the quantities and counterparties' names, as per the certified securities, to the member's <i>[specify the relevant accounting records]</i>.</p> <p>1.2 Agree that the certificated securities are in possession of the member by inspection of all of the certified securities in the listing obtained in procedure 1.1 above.</p> <p>1.3 Obtain explanations from <i>[state the name and designation of the member representative]</i> for exceptions found in</p>	<p>1.1 We obtained a listing of all of the certified securities from <i>[state the name and designation of the member representative]</i> and compared the quantities and counterparties' names, as per the certified securities, to the member's <i>[specify the relevant accounting records]</i>.</p> <p>1.2 We agreed that the certificated securities are in possession of the member by inspecting all of the certified securities in the listing obtained in procedure 1.1 above, [with the exception of the following certified securities: <i>[Document the certificated securities not in possession of the member]</i>].</p>	<p>1.3 Not applicable, as all certificated securities are in possession of the member.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> explanations for certificated securities not in possession of the member, and we document these explanations below: <i>[State the explanations]</i></p>

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	procedure 1.1 and 1.2 above, and document these.		
2	<p>2.1 Either inspect <i>[specify the relevant accounting records]</i> or obtain confirmation from <i>[state the name and designation of the external party representative]</i> to identify the number of certified securities which, according to the member's <i>[specify the relevant accounting records]</i>, were not in the possession of the member.</p> <p>2.2 By inspection of the member's <i>[specify the relevant accounting records]</i> or confirmation obtained in procedure 2.1 above, agree that these certified securities were held by, or deposited with any other person on behalf of the member, or for which a record of ownership was maintained by any other person on behalf of the member. The procedure is not applicable if all securities are dematerialised equity securities held by a CSDP and there were no physical share certificates to inspect.</p> <p>2.3 Obtain explanations from <i>[state the name and designation of the member]</i></p>	<p>2.1 We inspected <i>[specify the relevant accounting records]</i> or obtained confirmation from <i>[state the name and designation of the external party representative]</i> of <i>[insert the number of securities inspected or confirmed]</i> certified securities which were not in the possession of the member</p> <p>2.2 We inspected the members <i>[specify the relevant accounting records]</i> or confirmation obtained in procedure 2.1 above and agreed that these certified securities were held by, or deposited with, or for which a record of ownership was maintained by any other person on behalf of the member, other than dematerialised equity securities held by a CSDP [with the exception of those indicated below: <i>[State the exceptions]</i></p> <p>OR</p> <p>Based on our findings in procedure 2.1 above, the certified securities which were</p>	<p>2.3. Not applicable, as no exceptions were identified.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, regarding the exceptions, and we document these below: <i>[State the explanations]</i></p>

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<i>representative]</i> for any exceptions found in procedure 2.1 and 2.2 above, and document these.	not in the possession of the member were dematerialised equity securities held by a CSDP; therefore, there were no physical share certificates to inspect.	
3	<p>3.1 If dematerialised equity securities held by a CSDP were identified in procedure 2 above, Obtain from <i>[state the name and designation of the member representative]</i> and thereafter inspect the year-end reconciliation of the record on the BDA of the quantity of dematerialised equity securities ("PCSDRC") that should be held by the member to the record of the quantity of PCSDRC held by the CSDP, and document the description and number of reconciling differences between dematerialised equity securities balances per the BDA and the CSDP.</p> <p>3.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for any reconciling items found in procedure 3.1 above, and document these.</p>	<p>3.1 Not applicable, as we did not identify any dematerialised equity securities held by a CSDP, based on procedure 2 above.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> and thereafter inspected the reconciliation of the record on the BDA of the quantity of PCSDRC that should be held by the member to the records of the quantity of PCSDRC held by the CSDP, and we document our findings in the attached Part 3D: Inspection of Securities Holdings, Appendix to Report 3A – Procedure 3 ("Part 3D").</p>	<p>3.2. Not applicable, as no exceptions were identified.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded in the attached Part 3D, regarding the description and number of the reconciling items identified in Part 3D, the cause of each of these reconciling items and how each reconciling item was resolved.</p> <p><i>[State the explanations in Part 3D]</i></p>
4	4.1 Inspect the <i>[specify the relevant accounting records]</i> of the member and identify any	4.1 Not applicable, as based on our inspection of <i>[specify the relevant accounting</i>	4.2 Not applicable, as no exceptions were identified.

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>securities lodged with issuers for registration. For all of these securities, inspect the transfer office receipts for details such as the full name and identity number/registration number of the parties, confirming the existence of such securities.</p> <p>4.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for any exceptions found in procedure 4.1 above, and document these.</p>	<p><i>records]</i>, we did not identify any securities lodged with issuers for registration.</p> <p>OR</p> <p>We inspected <i>[specify the relevant accounting records]</i> and identified securities lodged with issuers for registration. We inspected all of these transfer office receipts for <i>[specify the detailed information inspected]</i> confirming the existence of these securities, [with the exception of the differences identified below: <i>[State the exceptions]</i></p>	<p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations reported below, regarding the discrepancies between the member's <i>[specify the relevant accounting records]</i> and the transfer office receipts evidencing the existence of securities lodged with issuers: <i>[State the explanations]</i></p>
5	<p>Obtain from <i>[state the name and designation of the member representative]</i> a list of custody clients produced by the BDA, including the value of these clients' securities balances and perform the following procedures:</p> <p>5.1 Select [a sample of the top 50/all <i>[state the number of items, if the population is less than 50]</i> custody clients, based on the value of the clients' securities balances, and perform</p>	<p>5.1 <i>[If the member has fewer than 50 custody clients, insert the following:]</i></p> <p>We obtained from <i>[state the name and designation of the member representative]</i> a list of custody clients produced from the BDA, including the value of the clients' securities balances; identified that the member has <i>[insert the number]</i> custody clients; selected all <i>[state the number of items, if the population is less than 50]</i></p>	<p>5.2 Not applicable, as no exceptions were identified.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations reported below, regarding how queries on securities balances raised by custody clients who responded to our positive or negative confirmation requests</p>

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>the following procedures:</p> <ul style="list-style-type: none"> Obtain positive confirmation⁷ of [the top 20/all <i>[state the lower number, if the population is less than 20]</i>] custody clients, based on the value of the clients' securities balances, from the [sample/number] of custody clients selected; and for the responses received, compare the securities balances per the confirmations to the balances per the member's list; and Perform a negative confirmation⁸ on the remaining <i>[state the number of items]</i> custody clients selected, if applicable; and for the responses received, compare the securities balances per the confirmations to the balances per the member's list. <p>5.2 For the differences identified between the</p>	<p>custody clients; and performed the following procedures:</p> <p>OR</p> <p>[We obtained from <i>[state the name and designation of the member representative]</i> a list of custody clients from the BDA, including the value of the clients' securities balances; selected a sample of the top 50 custody clients, based on the value of the clients' securities balances; and performed the following procedures:]</p> <ul style="list-style-type: none"> We requested positive confirmation of [the top 20/all <i>[state the lower number, if the population is less than 20]</i>] custody clients, based on the value of the clients' securities balances. We received <i>[state the number of confirmations received]</i> confirmations out of the <i>[state the number of</i> 	<p>were resolved:</p> <p><i>[State the explanations and specify the manner of resolution of each reconciling item, where applicable]</i></p>

⁷ ISA 505, paragraph 6(b): "Positive confirmation request – A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information."

⁸ ISA 505, paragraph 6(c): "A negative confirmation request – A request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request." Note that a negative confirmation is a letter sent to the third party that denotes a specific account and value associated with its balance. The third party can choose to reject the balance and supply their number for the suggested account, or they can choose not to respond to the letter. A suggestion of a differing balance or non-response is considered as confirmation.

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>confirmations received and the member's list, obtain an explanation from <i>[state the name and designation of the member representative]</i> thereof, as well as how queries regarding securities balances raised by custody clients who responded to our positive or negative confirmation requests were resolved, and document these.</p> <p>(Note: The JSE requires a <i>minimum sample size of 50</i> custody clients' securities balances to be tested, unless the JSE member has fewer than 50 custody clients, in which case the entire population is selected.)</p>	<p><i>requests]</i> requests. For confirmations received, we identified no differences between the confirmed securities balances and the balances per the member's list, [other than those indicated below:</p> <p><i>[State the exceptions]</i></p> <ul style="list-style-type: none"> • [We did not perform a negative confirmation, as the member has only <i>[insert the number, if 20 or less]</i> custody clients. <p>OR</p> <p>We performed a negative confirmation on the remaining <i>[state the number of remaining items]</i> custody clients selected and received <i>[state the number of confirmations received]</i> confirmations out of the <i>[state the number of requests]</i> requests. For the responses received, we identified no differences between the confirmed securities balances and the balances per the member's list [other than those indicated below:</p> <p><i>[State the exceptions]</i></p> <p>5.2 Not applicable, as no differences were</p>	

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
		<p>identified between the confirmations received and the member's list.</p> <p>OR</p> <p>For the differences that are identified above, we obtained an explanation from <i>[state the name and designation of the member representative]</i> thereof, as well as how queries regarding securities balances raised by custody clients who responded to our positive or negative confirmation requests were resolved. Refer to the column alongside for the results.</p>	

STOCKBROKERS AUDITORS' REPORTS

Report 3B: Segregation of Client Funds

In compliance with paragraph 3(a) of Board Notice 100 of 2013 issued by the Financial Services Board (now known as the Financial Sector Conduct Authority since 1 April 2018), we have performed the procedures described below in respect of Section 21 of the Act, which relates to the maintenance and operation of a trust account.

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations from the member's management in respect of exceptions found by the auditor
1.	<p>1.1 Obtain from <i>[state the name and designation of the member representative]</i> a list of bank accounts as at <i>[date of the member's financial year-end]</i>, for cash held by banks on behalf of the member in client trust accounts; and also obtain independent confirmations from all the banks of the amount of cash held for all the bank accounts. Agree the balances per the confirmations received from the banks to the balances per the financial records of the member <i>[specify the relevant accounting records]</i>.</p> <p>1.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for the differences identified, and document these.</p>	<p>1.1 We obtained from <i>[state the name and designation of the member representative]</i> a list of bank accounts as at <i>[date of the member's financial year-end]</i> for cash held by banks on behalf of the member in client trust accounts; and also obtained independent confirmations of cash held by <i>[indicate the bank(s)]</i>. We agreed the balances per the confirmations received to the balances per the <i>[specify the relevant accounting records]</i>.</p> <p>We identified no differences [other than those indicated below: <i>[State the exceptions:]</i></p>	<p>1.2 Not applicable, as no exceptions were identified.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, for any differences identified: <i>[State the explanations]</i></p>
2.	<p>2.1 Obtain from <i>[state the name and designation of the member representative]</i> the JSET Account Balances (PJSETB)</p>	<p>2.1 We obtained from <i>[state the name and designation of the member representative]</i> the PJSETB report produced from the</p>	<p>2.2 Not applicable, as no differences were identified.</p>

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>report produced by the BDA as at <i>[date of the member's financial year-end]</i> and agree the client credit cash balances as they appear on the PJSETB report to the member's JSE Trustees Control account balances as well as to the balances held by JSE Trustees per [the confirmation of balance obtained from the JSE/JSE's <i>[insert the details of the JSE records to be inspected]</i>].</p> <p>2.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for the differences identified, and document these.</p>	<p>BDA as at <i>[insert the date of the member's financial year-end]</i> and agreed the client credit cash balances as they appear on the PJSETB report to the member's JSE Trustees Control account balances as well as to the balance held by JSE Trustees per the [confirmation of balance received from the JSE/JSE's <i>[insert the details of the JSE records inspected]</i> inspected], with no differences identified [other than those indicated below: <i>[State the exceptions:]</i></p>	<p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, for any differences identified: <i>[State the explanations]</i></p>
3.	<p>3.1 Inspect the member's bank reconciliations for all bank accounts as at <i>[date of the member's financial year-end]</i>, and identify whether or not there were any reconciling items relating to:</p> <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 	<p>3.1 We inspected the member's bank reconciliations for all bank accounts as at <i>[insert the date of the member's financial year-end]</i>, and identified no reconciling items relating to the following:</p> <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 	<p>3.2 Not applicable, as no reconciling items were identified.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, for the description and number of reconciling items identified: <i>[State the explanations]</i></p>

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>processed on the BDA; or</p> <ul style="list-style-type: none"> Payments to clients that had been outstanding for an unreasonable period ⁹, which represent funds withdrawn from JSE Trustees and held in the member's current account. <p>3.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for the description and number of reconciling items identified, and document these.</p>	<p>processed on the BDA; or</p> <ul style="list-style-type: none"> Payments to clients that had been outstanding for an unreasonable period, which represent funds withdrawn from JSE Trustees and held in the member's current account. <p>OR</p> <p>We inspected the member's bank reconciliations for all bank accounts as at <i>[insert the date of the member's financial year-end]</i> and identified the following reconciling items:</p> <p><i>[State the description and number of reconciling items identified as requested in the procedure:]</i></p>	
4.	<p>4.1 Obtain from <i>[state the name and designation of the member representative]</i> the Credit Control Report (PCCREP) produced by the BDA as at <i>[insert the date of the member's financial year-end]</i>; and identify whether or not there were any credit cash balances in excess of R5 000 on Del/pay client accounts, and further identify whether these</p>	<p>4.1 We obtained from <i>[state the name and designation of the member representative]</i> the (PCCREP) produced by the BDA as at <i>[insert the date of the member's financial year-end]</i>, and identified that the credit cash balances [were/were not] in excess of R5 000 on Del/pay client accounts and which balances [represent/do not</p>	<p>4.2 Not applicable, as credit cash balances were not in excess of R5 000.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, for any credit cash balances in</p>

⁹ Auditors may assume that an unreasonable period for electronic fund transfers is one week.

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>represent funds due to clients that had not been swept to JSE Trustees.</p> <p>4.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for credit cash balances in excess of R5 000 identified, and document these.</p>	<p>represent] funds due to clients that had not been swept to JSE Trustees.</p>	<p>excess of R5 000 that represent funds due to clients that had not been swept to JSE Trustees:</p> <p><i>[State the explanations]</i></p>
5.	<p>5.1 Inspect the trial balance of the member as at <i>[insert the date of the member's financial year-end]</i> and identify through enquiry of <i>[state the name and designation of the member representative]</i> whether or not there are any suspense accounts in the trial balance used by the member to record unallocated client deposits, which represent funds that should have been swept to JSE Trustees.</p> <p>5.2 Obtain explanations from <i>[state the name and designation of the member representative]</i> for the use of suspense accounts in the general ledger, and document these.</p>	<p>5.1 We inspected the trial balance as at <i>[insert the date of the member's financial year-end]</i> and by enquiry with <i>[state the name and designation of the member representative]</i> [did not identify any/identified the following] suspense accounts in the trial balance used by the member to record unallocated client deposits, which represent funds that should have been swept to JSE Trustees:</p> <p><i>[State the suspense accounts identified and used by the member]</i></p>	<p>5.2 Not applicable, as no suspense accounts were identified.</p> <p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, for suspense accounts used by the member:</p> <p><i>[State the explanations]</i></p>
6.	<p>Obtain from <i>[state the name and designation of the member representative]</i> a list of custody</p>	<p>6.1 <i>[If the member has fewer than 50 custody clients, insert the following:</i></p>	<p>6.2 Not applicable, as no exceptions were identified.</p>

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>clients produced by the BDA as at <i>[insert the date of the member's financial year-end]</i>, including the value of clients' cash balances, and perform the following procedures:</p> <p>6.1 Select [a sample of the top 50/all <i>[state the number of items, if the population is less than 50]</i>] custody clients, based on the value of clients' cash balances, and perform the following procedures:</p> <ul style="list-style-type: none"> ● Obtain positive confirmation¹⁰ of [the top 20/all <i>[state the lower number, if the population is less than 20]</i>] custody clients, based on the value of clients' cash balances from the [sample/number] of custody clients selected; and for the responses received, compare the cash balances per the confirmations to the balances per the member's list; and ● Perform a negative confirmation¹¹ on the remaining <i>[state the number of items]</i> 	<p>[We obtained from <i>[state the name and designation of the member representative]</i> a list of custody clients produced from the BDA, including the value of clients' cash balances, and identified that the member has <i>[insert the number]</i> custody clients. We also selected all <i>[state the number of items, if the population is less than 50]</i> custody clients and performed the following procedures:]</p> <p>OR</p> <p>[We obtained from <i>[state the name and designation of the member representative]</i> a list of custody clients from the BDA, including the value of clients' cash balances; selected a sample of the top 50 custody clients, based on the value of clients' cash balances; and performed the following procedures:]</p>	<p>OR</p> <p>We obtained from <i>[state the name and designation of the member representative]</i> the explanations reported below, regarding how queries about cash balances raised by custody clients who responded to our positive or negative confirmation requests were resolved:</p> <p><i>[State the explanations and specify the manner of resolution of each reconciling item, where applicable.]</i></p>

¹⁰ ISA 505, paragraph 6(b): "Positive confirmation request – A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information."

¹¹ ISA 505, paragraph 6(c): "A negative confirmation request – A request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request." Note that a negative confirmation is a letter sent to the third party that denotes a specific account and value

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	<p>custody clients selected, if applicable; and for the responses received, compare the cash balances per the confirmations to the balances per the member's list.</p> <p>6.2 For the differences identified between the confirmations received and the member's list, obtain an explanation from <i>[state the name and designation of the member representative]</i> thereof as well as of how queries regarding cash balances raised by custody clients who responded to our positive or negative confirmation requests were resolved, and document these.</p> <p>(Note: The JSE requires a <i>minimum sample size of 50</i> custody clients' cash balances to be tested, unless the JSE member has fewer than 50 custody clients, in which case the entire population is selected.)</p>	<ul style="list-style-type: none"> We requested positive confirmation of [the top 20/all <i>[state the lower number, if the population is less than 20]</i>] custody clients, based on the value of clients' cash balances. We received <i>[state the number of confirmations received]</i> confirmations out of the <i>[state the number of requests]</i> requests. For confirmations received, we identified no differences between the confirmed cash balances and the balances per the member's list [other than those indicated below: <i>[State the exceptions]</i>] [We did not perform a negative confirmation as the member has only <i>[insert the number, if 20 or less]</i> custody clients. <p>OR</p> <p>We performed a negative confirmation on the remaining <i>[state the number of remaining items]</i> custody clients selected and received</p>	

associated with its balance. The third party can choose to reject the balance and supply their number for the suggested account, or they can choose not to respond to the letter. A suggestion of a differing balance or non-response is considered as confirmation.

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year-end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
		<p><i>[state the number of confirmations received]</i> confirmations out of the <i>[state the number of requests]</i> requests. For the responses received, we identified no differences between the confirmed cash balances and the balances per the member's list [other than those indicated below:</p> <p><i>[State the exceptions]</i></p> <p>6.2 Not applicable, as no differences were identified between the confirmations received and the member's list.</p> <p>OR</p> <p>For the differences identified above, we obtained an explanation from <i>[state the name and designation of the member representative]</i> thereof as well as how queries regarding cash balances raised by custody clients who responded to our positive or negative confirmation requests were resolved. Refer to the column alongside for the results.</p>	

STOCKBROKERS AUDITORS' REPORTS

Part 3C: Client Mandates				
With reference to JSE Directive DG 1.7.2.1 and Section 8.120.3 of the JSE Equity rules ("JSE Directives and Rules"), we report that we have performed the procedures described below, in respect of the key controls implemented by management and to assist the Director: Market Regulation to establish whether adequate controls exist to ensure that signed mandates are held for investment management and custody clients.				
No.	Control objectives specified by the JSE Directives and Rules	Procedures to be performed by the auditor as at the financial year-end	Findings	
			Auditor's findings	Explanations from the member's management in respect of exceptions found by the auditor
1.1	A signed mandate (and a duly completed needs analysis for investment management clients) is obtained from each investment management and custody client;	Obtain from <i>[state the name and designation of the member representative]</i> the following: 1. A description of the key controls they have described, which in their view addresses the control objectives 1.1 to 1.4 in respect of mandates for investment management and custody clients, and document these key controls.	We obtained from <i>[state the name and designation of the member representative]</i> the following: 1. A description documented below of the key controls they have described, which in their view addresses the control objectives 1.1 to 1.4 in respect of mandates for investment management and custody clients: <i>[List the key controls, as provided by [state the name and designation of the member representative], that meet each objective specified by the JSE (Objectives 1.1 to 1.4)]</i>	2. Not applicable, as <i>[state the name and designation of the member representative]</i> has represented that all of the key controls as described are linked to the control objectives 1.1 to 1.4, [and further that all of the key controls as described have been implemented during the year ended <i>[state the member's year-end]</i>].
1.2	Each signed mandate contains the minimum requirements prescribed by the JSE in the form of a proforma mandate;	2. A written representation letter acknowledging that all of the key controls as described are linked to the control objectives 1.1 to 1.4. 2.1 Where management represents that the descriptions do not have key controls linked to a control	<i>[List the key controls, as provided by [state the name and designation of the member representative], that meet each objective specified by the JSE (Objectives 1.1 to 1.4)]</i> 2. A written representation letter acknowledging that all of the key controls as described are linked to the control objectives 1.1 to	OR 2.1 We obtained from <i>[state the name and designation of the member representative]</i> the explanations as to why descriptions do not have key controls linked to a control objective. <i>[State the explanations]</i>
1.3	Accounts for which mandates are still outstanding are			3.1 We obtained from <i>[state the name and designation of the member representative]</i> the explanations as to

STOCKBROKERS AUDITORS' REPORTS

No.	Control objectives specified by the JSE Directives and Rules	Procedures to be performed by the auditor as at the financial year-end	Findings	
			Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
	identified; and			
1.4	Remedial action is taken to address outstanding mandates.	<p>objective, obtain explanations from <i>[state the name and designation of the member representative]</i>, and document these.</p> <p>3. A written representation letter acknowledging that all of the key controls as described have been implemented during the year ended <i>[state the member's year-end]</i>.</p> <p>3.1 Where management represents that not all of the key controls as described have been implemented during the year ended <i>[state the member's year-end]</i>, obtain explanations from <i>[state the name and designation of the member representative]</i>, and document these.</p>	<p>1.4.</p> <p>3. A written representation letter acknowledging that all of the key controls as described have been implemented during the year ended <i>[state the member's year-end]</i>.</p>	<p>why not all of the key controls as described have been implemented during the year ended <i>[state the member's year end]</i>. <i>[State the explanations]</i></p>
2	Key control objectives for 1.1 to 1.4 above.	Obtain from <i>[state the name and designation of the member representative]</i> a list of the investment management and custody clients (the "Clients") at the	We obtained from <i>[state the name and designation of the member representative]</i> a list of the Clients at the year ended <i>[state the member's year-end]</i> produced by the BDA,	<p>2.4 Not applicable, as there were no mandates outstanding for Clients.</p> <p>OR</p> <p>We obtained from <i>[state the name and</i></p>

STOCKBROKERS AUDITORS' REPORTS

No.	Control objectives specified by the JSE Directives and Rules	Procedures to be performed by the auditor as at the financial year-end	Findings	
			Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
		<p>year ended <i>[state the member's year-end]</i> produced by the BDA, including the value of the Clients' total cash and securities holdings, and select <i>[a sample of the top 50/all [state the number of items, if the population is less than 50] the Clients based on the value of clients' total cash and securities holdings.</i></p> <p>For the <i>[sample/number of items]</i> selected, perform the following procedures:</p> <p>2.1 Inspect a signed mandate (and the needs analysis completed for investment management clients) obtained from each client and agree that the mandates are signed by both the member and the client;</p> <p>2.2. Inspect each signed mandate obtained in procedure 2.1 above and agree, by an inspection of the signed mandate, that:</p> <p>2.2.1 original copies of the</p>	<p>including the value of clients' total cash and securities holdings; and selected <i>[a sample of [state the sample size]/all [state the number of items, if the population is less than 50]]</i> the Clients <i>[as the population was] [state the amount, if less than 50]</i>. For the <i>[sample/number of items]</i> selected, we performed the following procedures:</p> <p>2.1 We inspected a signed mandate <i>[and the needs analysis completed for investment management clients]</i>, as obtained from each client, and agreed that the mandates are signed by both the member and the client <i>[with the exception of the following:</i> <i>[State the exceptions]]</i></p> <p>2.2. We inspected each signed mandate obtained in procedure 2.1 above and agreed, by inspection of the signed mandate, that:</p> <p>2.2.1 original copies of the</p>	<p><i>designation of the member representative]</i> the following recorded explanations as to why mandates were not held, as well as management's remedial action taken to address the outstanding mandates.</p> <p><i>[State the explanations]</i></p>

STOCKBROKERS AUDITORS' REPORTS

No.	Control objectives specified by the JSE Directives and Rules	Procedures to be performed by the auditor as at the financial year-end	Findings	
			Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
		<p>mandates are on hand; and</p> <p>2.2.2 the mandates contain the client's obligations, and a "safe custody" paragraph.</p> <p>2.3 Based on the information provided to us by <i>[state the information provided to us by [state the name and designation of the member representative]</i>, regarding the manner in which the member identifies in its records those investment management and custody clients (the "Clients") for which mandates are still outstanding, obtain from <i>[state the information provided to us by [state the name and designation of the member representative]</i> the list of all investment management and custody accounts (the "Accounts") and identify all Accounts for which the records</p>	<p>mandates are on hand; and</p> <p>2.2.2 the mandates contain the client's obligations, and a "safe custody" paragraph.</p> <p>[with the exception of the following: <i>[State the exceptions]</i>]</p> <p>2.3 Based on the <i>[state the information provided to us by [state the name and designation of the member representative]</i>, regarding the manner in which the member identifies in its records those Clients for which mandates are still outstanding] we obtained from <i>[state the name and designation of the member representative]</i> the list of Accounts for which these records of the member reflect that [a signed mandate has not been obtained from the client/has been obtained from the client, and which is not an original copy and/or which does not contain the</p>	

STOCKBROKERS AUDITORS' REPORTS

No.	Control objectives specified by the JSE Directives and Rules	Procedures to be performed by the auditor as at the financial year-end	Findings	
			Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
		<p>of the member reflect that a signed mandate:</p> <p>2.3.1 has not been obtained from the client; or</p> <p>2.3.2 has been obtained from the client, and which is not an original copy, and/or which does not contain the client's obligations or a "safe custody" paragraph.</p> <p>2.4 For all Accounts identified in procedure 2.3 above, obtain and document explanations from <i>[state the name and designation of the member representative]</i> as to why mandates were not held, as well as management's remedial action taken to address the outstanding mandates.</p> <p>(Note: The JSE requires a minimum sample size of 50 mandates to be tested, unless the JSE member has fewer than 50</p>	<p>client's obligations or a "safe custody" paragraph].</p> <p>2.4 Not applicable, as there were no mandates outstanding for Clients.</p> <p>OR</p> <p>For all Accounts identified in procedure 2.3 above, we obtained from <i>[state the name and designation of the member representative]</i> the following recorded explanations as to why mandates were not held, as well as management's remedial action taken to address the outstanding mandates. Refer to the column alongside for the results.:</p>	

STOCKBROKERS AUDITORS' REPORTS

No.	Control objectives specified by the JSE Directives and Rules	Procedures to be performed by the auditor as at the financial year-end	Findings	
			Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
		<i>investment management and custody clients, in which case the entire population is selected.)</i>		

STOCKBROKERS AUDITORS' REPORTS

No.	Procedures to be performed by the auditor as at the financial year end	Findings	
		Auditor's findings	Explanations obtained from the member's management in respect of exceptions found by the auditor
3	<p>Obtain from <i>[state the name and designation of the member representative]</i> a list of all client accounts at the year ended <i>[state the year-end]</i> (PJSETB report produced by the BDA), in respect of which the JSET Account Balances reflect that funds were held by the member as at <i>[insert the date of the member's year-end]</i>, but which were not reflected in the records as being custody accounts, and perform the following procedures:</p> <p>3.1 Inquire from <i>[state the name and designation of the member representative]</i> whether all prescribed mandates appearing on the list were, in fact, held on behalf of those clients; and</p> <p>3.2 If prescribed mandates were not held on behalf of those clients as identified in procedure 3.1 above, obtain and document the explanations provided by <i>[state the name and designation of the member representative]</i> as to why prescribed mandates were not held.</p>	<p>We obtained from <i>[state the name and designation of the member representative]</i> a list of all client accounts at the year ended <i>[state the year-end]</i> (PJSETB report produced by the BDA), in respect of which the JSET Account Balances reflect that funds were held by the member as at <i>[insert the date of the member's year-end]</i>, but which were not reflected in the records as being custody accounts, and performed the following procedures:</p> <p>3.1 We inquired from <i>[state the name and designation of the member representative]</i> who indicated that all prescribed mandates appearing on the list were, in fact, held on behalf of those clients [with the exception of the following: <i>[State the exceptions]</i></p>	<p>3.2 We obtained the following explanations from <i>[state the name and designation of the member representative]</i> for the exceptions identified in procedure 3.1: <i>[State the explanations]</i></p>

STOCKBROKERS AUDITORS' REPORTS

Part 3D: Inspection of Securities Holdings: Appendix to Part 3A – Procedure 3		
Reconciling differences between dematerialised equity securities balances per the BDA and the CSDP ¹²		
No.	Reconciling items identified by the auditor	Explanations from the member's management in respect of the reconciling items identified by the auditor
3	We identified the following reconciling differences between dematerialised equity securities balances per the BDA and the CSDP: <i>[State the description and number of the reconciling items identified]</i>	We obtained from <i>[state the name and designation of the member representative]</i> the explanations recorded below, regarding the cause of each reconciling item reflected in the auditor's findings and how each of these reconciling items were resolved: <i>[State the explanations]</i>

Note to auditors:

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

¹² Complete and attach Part 3D only, if the auditor identified reconciling differences between dematerialised equity securities balances per the BDA and the CSDP, based on procedure 3 in Part 3A above.