

Limited Assurance Report of the Independent Auditor of [name of nominee company and nominee's holding company] on certain requirements imposed by the Financial Services Board for nominee companies to operate in South Africa

To the directors of [name of nominee company and nominee's holding company] and to the Registrar¹ of the Financial Services Board

We have undertaken an engagement on [insert name of nominee company and nominee's holding company] ("the nominee company" and "the nominee's holding company") for the year ended [insert year end date] relative to paragraph 7(5) of Requirements imposed by the Financial Services Board for Nominees to operate in South Africa, 2012².

We are required to provide limited assurance on the design, implementation and operating effectiveness of the key controls identified by management as set out in Schedule A. We are also required to report on whether Schedule B, which sets out the nature and values of assets held on behalf of clients in a fiduciary capacity, the balance per the nominee company's records, agrees to the relevant underlying records; and to obtain such as evidence as we considered appropriate in the circumstances regarding the existence and valuation of the assets. We are required to report such matters coming to our attention arising from our work performed.

Because of their nature, the controls at the nominee company and nominee holding company may not prevent or detect or correct the errors or omissions in processing or reporting transactions and balances. Also, the projection to the future of any evaluation of the fairness of the presentation of the description or the conclusions of the suitability of the design or operating effectiveness of the controls to achieve the related control objective is subject to the risk that controls at a nominee company or nominee holding company may become inadequate or fail.

Directors' responsibilities

The directors of the nominee company and the nominee holding company are responsible for such internal control as is necessary to ensure that all the assets under the nominee's control exist, are correctly accounted for and enable the identification of the beneficial owners to be determined. The directors are also responsible for identifying the key controls reflected in Schedule A, and the preparation of the information in Schedule B, that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the design, implementation and operating effectiveness of the key controls identified by management in Schedule A, based on our work performed and to report on any matters coming to our attention in respect of the information in Schedule B that does not agree to the underlying records, does not exist or is incorrectly valued.

We conducted our limited assurance engagement on Schedule A in accordance with the International Standard on Assurance Engagements ISAE 3000 *International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence to support our limited assurance conclusion.

¹ Address to the applicable Registrar of: Pension Funds, Long-term Insurance, Short-term Insurance, Security Services or Financial Services Providers.

² Or such other notice as may be issued from time to time.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to express our limited assurance conclusion and matters coming to our attention as expressed below.

We believe that the evidence obtained as part of our limited assurance engagement is sufficient and appropriate to provide a basis for our limited assurance conclusion on those matters set out in Schedule A and to report on Schedule B in accordance with our work performed.

Summary of work performed

Summary of work performed on Schedule A

Our work performed and findings on the key controls identified by management are set out in Schedule A, and included inquiries primarily of persons responsible for the internal control, financial and accounting matters at the nominee company and the nominee holding company throughout the year, limited observations and testing of controls. In addition, we obtained written representations from management regarding matters relevant to this engagement.

Summary of work performed on Schedule B

- We agreed the total and the categorisation of the assets held to the underlying records.
- We obtained third party confirmations regarding existence and valuation for a sample of assets reflected in categories 1, 2 and 4 of Schedule B, re-performed reconciliations for material balances and traced a sample of outstanding reconciling items to subsequent statements.
- We obtained evidence that the basis of valuation for categories 1, 2 and 4 of Schedule B agrees to the underlying records.
- We obtained evidence of existence of **all** the assets reflected in categories 3, 5 and 6 of Schedule B and that the basis of valuation agrees to the underlying records.
- We obtained written representations from the directors of the nominee holding company regarding matters that we have considered relevant to this engagement.

In a limited assurance engagement the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the key controls identified by the directors as set out in Schedule A were not designed, implemented and operated effectively throughout the year ended [insert year end date].

Other than matters reported as coming to our attention, we agreed the information as set out in Schedule B to the relevant underlying records.

Restriction on use

Our report is for the purpose indicated in the first paragraph and for the information of the nominee company, the nominee holding company and the Registrar and may not be suitable for another purpose.

Auditor's Signature

Name of individual registered auditor

Registered Auditor

Date of auditor's report

Auditor's address

Schedule A – Work performed and findings in respect of the key controls to meet the objectives of the requirements of the nominee company and nominee holding company

Instructions for completion of Schedule A:

Refer to the columns indicated in the table below:

A. Control objective:

The control objectives are derived from certain requirements imposed by the Financial Services Board for nominee companies to operate in South Africa.

B. Key control:

The directors of the nominee company and the nominee holding company are to identify the key controls (description).

C. Design:

The auditor indicates whether the design of the key controls is considered appropriate to achieve the control objective (yes/no) (if no, complete column G).

D. Implementation

The auditor indicates whether the key controls have been implemented (yes/no) (if no, complete column G).

E. Operating effectiveness

The auditor indicates whether the key controls implemented operated effectively for the period under review (yes/no) (if no, complete column G).

F. Work performed

Brief summary of work performed to evaluate the appropriateness of the design of the key controls implemented by management and evaluate the operating effectiveness of such controls (description).

G. Identified weaknesses and potential impact

Based on work performed and evidence obtained, the auditor reports weaknesses identified in the design of key controls and/or the implementation of the key controls and/or instances of key controls not operating effectively, and the potential impact thereof (description).

H. Directors' response

Insert the response of the directors of the nominee company and nominee holding company to identified weaknesses in internal controls (description).

Schedule A - Work performed and findings in respect of the key controls to meet the objectives of the requirements of the nominee company

A	B	C	D	E	F	G	H
Control objectives	Key control: Indicate the key control implemented by the nominee company to meet this objective	Design: Evaluate the appropriateness of the design of the key control	Implementation: Assess whether the key control has been implemented	Operating effectiveness: Evaluate whether the key control operated effectively for the period under review	Work performed	Identified instances of weaknesses in key internal controls and potential impact thereof	Management of the nominee company's response to the finding
1. Controls provide assurance regarding the governance of the nominee company and the nominee holding company							
1.1 Controls provide assurance that ethical values and integrity are enforced and communicated by management.							
1.2 Controls provide assurance that competent individuals are hired and that staff have the necessary skills and character traits of honesty and integrity to perform their tasks.							
1.3 Controls provide assurance that risks in respect of unethical behaviour are identified, monitored and mitigated.							
1.4 Controls provide assurance that business risks are identified, monitored and actioned accordingly.							
1.5 Controls provide assurance that there is compliance with relevant laws and regulations as well as non-binding rules and regulations.							
1.6 Controls provide assurance that related parties and conflicts of interest are identified and managed (internal and external – this also includes communication to those relevant parties of these related parties and conflicts of interest).							

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2. Controls provide assurance regarding the nominee company's and the nominee holding company's ability to communicate effectively with internal and external parties							
2. 1 Controls provide assurance that information is communicated internally between the nominee holding company and the nominee company and employees in an accurate and timely manner and in compliance with the relevant legislation.							
2. 2 Controls provide assurance that information is communicated to external parties (e.g. clients, other third parties and regulators) in an accurate and timely manner and in compliance with the relevant legislation.							
3. Controls provide assurance regarding the nominee company's and nominee holding company's internal control processes							
3.1 Controls provide assurance that policies and procedures are in place to establish an environment of effective internal controls.							
3.2 Controls provide assurance that the nominee company and the nominee holding company maintains, monitors and reviews the effectiveness of internal controls on an ongoing basis.							
3.3 Controls provide assurance that the nominee company and the nominee holding company monitors and has adequate							

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insurance against loss through fire, theft and other disasters as well as professional indemnity and/or fidelity insurance.							
3.4 Controls provide assurance that proper processes and procedures exist in the segregation of duties in the different functions and responsibilities.							
3.5 Controls provide assurance that access to processes and procedures are restricted to staff that have the necessary authorisation to perform this function.							
4. Controls provide assurance that physical access to computer equipment, systems, storage media and program documentation is restricted to properly authorised individuals							
4.1 Controls provide assurance that there are physical access controls to servers.							
4.2 Controls provide assurance that there is security monitoring.							
4.3 Controls provide assurance that there are adequate environmental controls (e.g. fire, floods etc) to prevent loss.							
5. Controls provide assurance that logical access to system resources (for example, programs, data, tables, and parameters) is restricted to properly authorised individuals							
5.1 Controls provide assurance that there is an effective access policy.							
5.2 Controls provide assurance that there are controls regarding user administration.							

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5.3 Controls provide assurance there are controls regarding the recertification of user accounts.							
5.4 Controls provide assurance that there are access restrictions and segregation of duties.							
5.5 Controls provide assurance that the security settings are in accordance with baseline standards.							
5.6 Controls provide assurance that security settings are monitored.							
5.7 Controls provide assurance regarding the changes to baseline standards.							
6. Controls provide assurance that system data is regularly backed up and archived data is available for restoration in the event of processing errors and/or unexpected interruptions and ensures business continuity in case of a disaster							
6.1 Controls provide assurance that there are daily backups and that backups can be restored.							
6.2 Controls provide assurance that failed backups are monitored and resolved.							
6.3 Controls provide assurance that there are rotation schedules.							
6.4 Controls provide assurance that there are service level agreements with those to whom the IT function has been delegated and that service							

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levels are monitored and reported.							
6.5 Controls provide assurance that there are system restores.							
6.6 Controls provide assurance that there is a disaster recovery plan and that it has been tested.							
7. Controls provide assurance that program and system developments is continually assessed and follow a systems and program development life cycle							
7.1 Controls provide assurance that there is a change management policy.							
7.2 Controls provide assurance that there is adequate approval of change requests.							
7.3 Controls provide assurance regarding the logging, prioritising and tracking of change requests.							
7.4 Controls provide assurance that back-out plans are adequate.							
7.5 Controls provide assurance that the test environment exists and is adequate.							
7.6 Controls provide assurance that changes are signed off.							
7.7 Controls provide assurance that signed off changes are migrated to the production environment.							
7.8 Controls provide assurance that developer access is							

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monitored.							
8. Controls provide assurance that proper oversight is in place over delegated functions performed by the service organisations							
8.1 Controls provide assurance that the nominee company and nominee holding company has controls in place to ensure that the nominee company and the nominee holding company has service level agreements in place with third parties and the third party organisations.							
8.2 Controls provide assurance that the nominee company and the nominee holding company monitors compliance by the third party to the service level agreement.							
9. Controls specific to nominee company's and nominee holding company's statutory responsibilities							
9.1 Controls provide assurance that a written agreement, complying with the relevant legislation, between the nominee company and clients (i.e. pension fund, short-term insurer, or long-term insurer) on whose behalf assets will be/is held.							
9.2 Controls provide assurance that the nominee company and nominee holding company documents its systems of internal controls which ensures that the assets of clients are safeguarded and segregated							

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and that the records accurately reflect the assets and information which they purport to present.							
9.3 Controls provide assurance that the nominee holding company maintains adequate financial resources to comply with the relevant financial soundness requirements as set out in the prescribed Nominee Requirements.							
9.4 Controls provide assurance that the nominee company has not incurred any liabilities other than those in respect of the entities/persons on whose behalf it holds assets.							
9.5 Controls provide assurance that the nominee holding company has implemented procedures that ensure the regular reconciliation of the client investments to evidence of existence from external parties.							
9.6 Controls provide assurance that the beneficial owners of the investment are clearly identified in the underlying records of the nominee company.							
9.7 Controls provide assurance that cash receipt transactions are recorded accurately, timely and in accordance with the							

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applicable legislation that governs the nominee company and nominee holding company.							
9.8 Controls provide assurance that investment and disinvestment transactions are processed and recorded accurately (including the allocation to the beneficial owner), timely and completely.							
9.9 Controls provide assurance that distributions are processed and recorded accurately (including the allocation to the beneficial owner), timely and in accordance with instructions received from the client.							
9.10 Controls provide assurance that market prices are recorded accurately (including the allocation to the beneficial owner), timely and completely.							
9.11 Controls provide assurance that, where data is transferred to/from different administration systems and/or accounting systems, the resultant information captured into the financial reporting systems is complete, accurate and valid.							

Schedule B – Assets held on behalf of clients in a fiduciary capacity by the nominee company

		<Insert year-end date>	
	Indicate nature of assets	Balance per nominee company's records	Basis of valuation of asset category or asset item
		R	
1	Collective investment schemes (as registered in terms of the Collective Investments Schemes Act) <Total>		
2	Listed securities <Insert totals by category of shares, property portfolios, bonds, derivatives, ETFs, ETNs etc.>		
3	Unlisted securities <Insert details by holding, including unlisted property companies>		
4	Property <Insert details by property (movable or immovable, real or intangible)>		
5	Money <Insert totals per category of cash and cash equivalents held in the name of the nominee company, not included in any of the other categories>		
6	Other assets <Insert details per item>		
	TOTAL AS PER NOTE TO THE NOMINEE COMPANY'S FINANCIAL STATEMENTS		

Matters coming to our attention arising from our work performed

<Insert details regarding non-existence of assets, incorrect valuations or unexplained differences>