

Market Notice

Number: A1639
Date 25 May 2012

Registration of GWK LTD as approved silo owner and breach of the JSE's derivative rules, contract specifications and appendices thereto

This market notice serves to confirm that GWK Ltd Registration number 1997/022252/06 (“**GWK**”) has breached the silo owner requirements by issuing Safex silo receipts for wheat held in a non registered delivery point, namely Douglas, whilst issuing Safex silo receipts for the full tonnages at Modderrivier silo.

As per Appendix C, clause 6.3, *“The Safex silo receipt issued by the silo owner to the holder shall be irrefutable proof of the net weight and quality of the commodity stored on behalf of the holder of the receipt in the silo owners’ facilities”.*

GWK's conduct is of grave concern to the JSE and is contrary to the fundamental principles that underlie silo owners' obligations. The Safex silo receipt is paramount to the physical delivery process as proof of good delivery in completion of a futures contract.

The JSE has raised its concerns with GWK and GWK has provided its full co-operation to resolve this issue. It is also important to note that GWK has, to date hereof, fully honored all its obligations as registered silo owner to deliver wheat at the Modderrivier location in terms of the Safex silo receipts issued by it.

The following action was taken since the issue was raised:

- GWK was suspended from issuing any further Safex silo receipts until further notice; the JSE has a complete register of all outstanding Safex silo receipts.
- GWK provided an unequivocal undertaking to honour all Safex silo receipts and will ensure there is sufficient wheat at Modderrivier silo to honour all obligations.
- An independent audit by their external auditors shortly after the incident was raised confirmed that the combined physical stock of the Modderrivier and Douglas silos were sufficient to meet all GWK's obligations in terms of Safex silo receipts.
- GWK has proceeded to buy back Safex silo receipts in circulation or to make arrangements with current holders to transfer the stock onto client's folio account with their full consent thereby reducing the number of Safex silo receipts in circulation. GWK confirmed that 25 450 tons remains on Safex silo receipts issued at Modderrivier silo.



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Executive Directors: NF Newton-King (CEO),
F Evans (CFO) **Non-Executive Directors:** HJ Borkum
(Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence,
A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne
Alternate Directors: JH Burke, LV Parsons

- The facts and information currently at the disposal of the JSE indicates that by Tuesday 29 May 2012 there will be sufficient wheat at the Modderrivier location to meet all GWK's obligations in terms of Safex silo receipts issued from this location.
- A further independent audit will be undertaken on Wednesday to confirm that the full tonnages of 25450 are stored and available at Modderrivier silo.
- Modderrivier silo specifications on record that will again be independently verified subject to the continued registration are:
 - Rail siding # 242446
 - Closest road route: N12
 - Fixed storage capacity: 37 000 tons
 - Silo bag capacity is available, capacity to be confirmed
 - Daily out loading capacity, considering both rail and road is 1200 tons per normal working day

GWK may not issue any new Safex silo receipts pending the finalisation of the JSE's investigation and its decision in respect of GWK's continued registration as an approved silo owner.

The JSE will continue to liaise closely with GWK to ensure the remaining wheat Safex silo receipts are honoured.

Should there be any further questions regards this, contact myself or Louis Cockeran - JSE Legal Counsel, on 011 520 7012.



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